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# The Department of State

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# *The Department of State* bulletin

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## The Economics of U.S. Foreign Policy

*by Robert E. Asher*

The broad objectives of the economic side of U.S. foreign policy can be stated rather simply:

1. We want economic conditions in the free world which will attract peoples and governments toward the democratic system of political freedom, as opposed to totalitarian systems like Soviet communism.

2. We have a special interest in the economic strength of our partners in the North Atlantic Treaty Organization, and of the countries on the periphery of Soviet power. In the North Atlantic Treaty area we want economic conditions which will enable the NATO countries to devote a substantial part of their resources to the common military effort for as long as is necessary, without preventing improvements in their standards of living. In countries on the periphery of Soviet power we want to eliminate economic weaknesses that threaten political stability and invite Communist subversion.

3. We want economic conditions in the free world which will promote material well-being and which will allow employment, production, trade, and investment to develop in ways that enrich human life.

4. A free-world economy which would meet these objectives ought to be one of healthy, stable expansion. It ought to afford all countries increasing opportunities for economic growth and improving standards of living. It ought to operate so that economic gains are distributed equitably within countries. It ought to be free of prolonged or severe depressions and to be capable of weathering temporary economic crises without serious strain.

5. The way in which these goals are pursued is also, in a sense, a part of the objectives themselves. We should try to create an international community of effort for common purposes, a process to which each member would make an equitable contribution. We should try to avoid

the extremes of either forcing unwanted programs and policies on others as a condition of our help, or of undertaking actions ourselves which are unmatched by appropriate actions in the countries which benefit from them.

Let me add promptly that I know of no corresponding 5-point program for achieving the strong, prosperous, democratic world we would like to see. Americans tend to believe that everything that is desirable is possible, that America can do anything it sets out to do. Denis Brogan has referred to this as "the illusion of American omnipotence." Not only do we cling to this inspiring illusion but after allowing it to oversimplify our problems, we try to shortcut our way to a solution. One year it's the Bretton Woods agreement that will solve our postwar economic problems; another year it's the Marshall plan; then it's technical assistance; today, it's "trade, not aid." We tend to overwork these slogans and, in doing so, to blind ourselves to the complexity and the long-range character of our foreign-economic problems. To avoid this pitfall, the new administration is extremely anxious to obtain a careful, impartial re-examination of our whole foreign-economic policy. The job in all probability will be done by a 17-member commission that will include bipartisan representation from both Houses of Congress, as well as public members appointed by the President.<sup>1</sup>

The administration wants to make sure that we have a well-rounded, consistent foreign policy whose economic aspects properly reinforce and complement its political and military aspects. Today, 8 years after the end of World War II, the economic situation of the free world is still shaky and still in need of shoring up. Canada and the United States remain islands in a troubled sea.

<sup>1</sup> For the President's letter to Vice President Nixon and Speaker of the House Joseph W. Martin, Jr., recommending the establishment of this commission, see BULLETIN of May 25, 1953, p. 747.

### Interest Abroad in U.S. Economy

The importance of our foreign-economic policy has been driven home to me again and again at international meetings during the past few years. At these conferences the U.S. delegation has to listen attentively to what other delegates say because most of them aim their remarks at the United States. We have to be even more careful about what we say. A slight error in emphasis, a minor bit of carelessness, on the part of one of our delegates would have the room buzzing and the press representatives phoning their offices in no time flat. This is because relatively minor policy changes on our part—the prospect of a new tariff rate on garlic, an embargo on imports of peanuts, little ups and downs in our requirements for coffee, copper, bananas, or tin—can have major repercussions in other parts of the world.

Coffee, which I just mentioned, is our leading imported commodity. We spend more dollars for coffee than for anything else we buy abroad. But because our shopping list is big, coffee accounts for only 11 or 12 percent of the dollar value of our total imports. A \$100 million increase or decrease would have no significant effect on the U.S. economy.

From the point of view of relations with our neighbors, the matter is much more serious. There are at least 6 countries—Brazil, Colombia, El Salvador, Guatemala, Costa Rica, and Haiti—that earn from 50 to 90 percent of all their dollars from coffee exports. Whether they can maintain or improve the living standards of their people depends very largely on the U.S. coffee market which, in turn, depends primarily on the general level of U.S. prosperity.

This example may help to explain why other countries are so deeply concerned about the health of the U. S. economy. Will we maintain an expanding economy at home? Will we avoid depression or recession? Will we make it harder or easier for other countries to sell us their goods?

Our foreign policy is thus not something apart from domestic policy. What we do here at home to control inflation and avoid deflation, to maintain full employment, to protect minorities, to encourage freedom of speech and thought has profound effects throughout the world. Foreign policy is not something that can be left to experts in the State Department, the Defense Department, and the Mutual Security Agency. It's a job for everyone. An effective foreign policy requires an alert and informed citizenry in the United States, sensitive to the foreign implications of what sometimes seem to be purely domestic issues.

As Secretary Dulles reminded the House Ways and Means Committee recently, the United States accounts for "50 percent of the total production of non-Communist countries. We are the world's largest exporter and the world's largest importer. We are the greatest creditor nation in the world and the most important single source of

the free world's capital needs. We lead in the development of new inventions and new skills."<sup>2</sup>

In spite of the fact that, in absolute terms, we export and import in such huge quantities, our economy as a whole is less dependent on foreign trade than that of almost any other country except the Soviet Union. Nevertheless, important segments of the American economy have a large stake in export markets. During the last few years we have exported nearly 1/2 of our wheat, 2/5 of our cotton and rice production, and 1/4 of our production of tobacco. We also export more than 1/5 of our output of tractors. On the import side, the United States is heavily dependent on imports for a number of essentials, including 100 percent of our supplies of tin and natural rubber, 92 percent of our manganese requirements, and 50 percent of our tungsten.

### Trade Pattern Unbalanced

The pattern, however, is extremely unbalanced.

The U.S. exports far more than it imports; most other countries are unable to export enough to pay for the imports that they desperately need. This continues to be true despite the tremendous assistance rendered under the Marshall plan and the fact that, by the end of 1952, industrial production in Western Europe was 40 percent above prewar levels. It continues to be true despite technical assistance, development loans, and other measures which have helped some of the underdeveloped countries make notable advances in recent years.

The imbalance is more persistent and deeper rooted than any of us realized a few short years ago. It is attributable only in small part to the fact that rearmament has required resources which might otherwise have been used to increase European exports or civilian consumption in Europe. Western Europe has had difficulty in obtaining dependable markets in the United States for its exports, and in competing with American exporters in Latin America and Asia. Theoretically, Western Europe could restrict its imports still further to correspond with its relatively lower earning power in world markets. In practice, this policy would threaten European living standards to the point where political stability would be imperiled, and it might jeopardize the economic health of non-European nations. For Western Europe, increased production and productivity within Europe, the further development of Asia and Africa as sources of supply and as markets for European products, as well as increased European exports to the United States and the dollar area, are essential.

Similarly, the economic future of Japan hinges on her ability to develop expanding trade with the rest of the free world. On the one hand, Japan is cut off almost completely from tradi-

<sup>2</sup> *Ibid.*, May 25, 1953, p. 743.



tional markets and sources of supply on the mainland of China. At the same time, she faces substantial barriers to the export of goods to free-world countries. In the United States the tariff rates on Japanese goods are still at the high levels imposed by the Tariff Act of 1930. Japan is able to sustain her economy today only because of the very large purchases being made there by the United States for the support of U.N. forces in Korea. Sooner or later such purchases are sure to be cut drastically.

The reduction of barriers to world trade has been and continues to be a major economic objective of the United States. The Reciprocal Trade Agreements Act adopted in 1934 authorizes reductions of tariffs and other barriers to trade in return for comparable concessions from other countries. It has been renewed every 2 or 3 years. In 1951 it was extended until June 12, 1953, and at the same time it was substantially amended.<sup>3</sup>

There are vocal groups in the United States who want greater protection against foreign competition. They may extoll "competition" among American industries; preface the word "competition" with the word "foreign," however, and it immediately becomes something sinister. People who would reject out-of-hand the notion that the Government should tax the television industry for the purpose of protecting the motion-picture industry, or tax nylon producers to protect wool-growers, or put a quota on cigarette production to avoid injury to cigarmakers and pipemakers, see nothing inconsistent in demanding protection for some of these same industries from the lesser threat of foreign competition.

Can highly paid American workers compete with lower-paid foreign workers? The thing to compare is not the daily or weekly wage of the American and the foreign worker, but the wage cost per unit of output. If a gadget taking 25 man-hours to produce in some other country can be produced here in 10 man-hours, the wage cost will be lower here than abroad, even though the hourly earnings here are twice as high as in the foreign country. If the American wage is \$2 an hour, the labor cost of the gadget will be \$20. If the wage in the foreign country is half the American level, or \$1 an hour, the labor cost of the imported gadget would be \$25, and the chances are that the American product could undersell the foreign one.

Our high wage levels are possible because such factors as up-to-date machinery, good organization, mass markets, and eagerness to adopt improved methods have resulted in a phenomenally

high output per worker. One of our major problems is to restore international balance by encouraging a stepping up of productivity in other parts of the free world so that their output per man or per acre will be less lopsided in relation to ours. They must get themselves into a better position both to satisfy their own needs and to market their products throughout the world, including the rich North American market.

#### Alternatives to Increasing Imports

The plain fact is that unless we are prepared to import more, or to continue foreign aid indefinitely on a massive scale, we will not be able to maintain anything like our present level of exports. Other countries have to be able to sell to us in order to buy from us. They are now selling to us at a rate of less than \$11 billion per year. They are receiving more than \$15 billion worth of American goods. The gap between what they earn and what they get is being closed by military and economic assistance programs that create a donor-recipient relationship as irksome to our allies as it is to us. The slogan "trade not aid" was imported from Great Britain, not made in America.

Within the last year or so, more and more Americans have been facing up to the only alternatives the trade front offers, i. e., larger imports, lower exports, or continued free grants of U. S. resources to make up the difference. Not all of them come out with the same answer, of course. Some feel that our postwar exports have been freakishly high and should be reduced. Others believe that more turmoil would be created if wheat, cotton, and tobacco growers were deprived of their export markets and forced to turn to poultry raising, truck farming, and other forms of production for the domestic market.

Many leaders of U.S. opinion in recent months have spoken in favor of a more liberal import policy. The National Association of Manufacturers, the U.S. Chamber of Commerce, the American Farm Bureau Federation, the National Cotton Council, the United States Tobacco Associates, the Committee for Economic Development, the Congress of Industrial Organizations, the American Federation of Labor, and the Detroit Board of Commerce have gone on record to this effect.

Other countries, particularly Japan and the industrialized countries of Western Europe, tend to regard U.S. import policy as the key to whether or not we can be depended upon to behave as the world's largest creditor nation and most important supplier of essential commodities. They tell us in the U.N. Economic and Social Council, the Economic Commission for Europe, and elsewhere, how vitally they will be affected by our decisions next year on the future of the Trade Agreements Act. On a lesser scale they regard simplification of our complicated customs procedures as an-

<sup>3</sup> For the President's message to Congress recommending the further extension of this act for 1 year, see *ibid.*, Apr. 27, 1953, p. 634. For statements by Secretary Dulles and the Director for Mutual Security, Harold E. Stassen, in support of its extension, see *ibid.*, May 25, 1953, pp. 743 and 746, respectively.

other important index of the way in which America is moving. Almost every foreign official one talks to can give hair-raising examples of businessmen in his country whose products got hopelessly tangled in the jungle of American tariff and customs procedures. Some learned to their sorrow that tariff rates for plate glass differ according to the thickness and area of the glass, that dolls and toys are subject to 11 different rates, that cotton shirts ordinarily charged a 25 percent duty must pay a 50 percent duty if initials are embroidered on them. Some grew old and gray and cynical in the months or years that elapsed before their final liability was decided.

Other European manufacturers have from time to time bumped their heads against the "Buy American" laws under which our Government procurement agencies give preference to domestic suppliers unless the price of the foreign commodity, after payment of the tariff, is at least 25 percent below the comparable American product. They would like to see this extra road block removed.

Soviet delegates attend the plenary sessions of the Economic Commission for Europe. They're not the least bit bashful. Recently, they have said, in effect, to the European nations: "Look, fellows, it's a pipe dream to expect the United States to adopt more liberal trade policies and make it easier for you to compete with American producers. Americans want to dump their surplus production abroad, but they don't want to buy from you and they don't want you to sell to us. Don't let the Americans push you around. We'd love to buy your machinery, we'd love to increase our trade with you."

We, the United States, have pointed to the progress toward trade liberalization that we and other free countries have made since 1934, and particularly to our magnificent record of international assistance during the postwar period. As for machinery exports to the U.S.S.R., as long as millions of people live in fear of Soviet aggression it has seemed elementary commonsense for us to urge our friends to withhold from the Soviet bloc any goods that might increase its war potential. Moreover, we believe, the Soviets eventually want to become self-sufficient anyhow, and therefore don't desire a permanent strengthening of trade ties with the free world.

Nevertheless, the East-West trade issue remains a thorny one. Unlike the United States, a number of other countries have traditionally secured a substantial portion of essential imports—grain, coal, and timber, in particular—from Eastern Europe and have sold both producer's and consumer's goods to that area in return. In the present situation, they are more than willing to withhold items of obvious strategic importance. But they are responsible sovereign states, not satellites. They do not recognize any U.S. right to decide unilaterally what course of action they

should follow. As for Japan, trade with mainland China was even more important to her in prewar days than trade with Eastern Europe was to Western Europe. Until Burma, Thailand, Formosa, and the rest of Southeast Asia become more important markets, it is hard to see where Japan should turn to compensate adequately for the loss of her China trade.

#### Purpose of Regional Economic Commissions

The United States is a member not only of the U.N. Economic Commission for Europe (ECE), but also of the Economic Commissions for Latin America and for Asia and the Far East. All three commissions have the same general purpose: to expedite economic reconstruction, to expand the level of economic activity, to strengthen the ties between the countries of the region and between the region and the rest of the world. They have no laws to administer, no funds to distribute, no sanctions to impose. Their function is largely the educational one of discussing common problems and persuading officials of the member governments to adopt measures that are recognized as desirable in the common interest. Each commission has a competent professional secretariat which prepares an annual economic survey of the region and other basic information.<sup>4</sup>

The Economic Commission for Europe has been seriously handicapped by the East-West split. Its members are politically and economically more sophisticated than the members of the Asian and Latin American commissions. Whereas the Europeans are more interested in trade problems, the members of the other commissions, coming from so-called underdeveloped areas, are concerned primarily with economic development problems.

The Economic Commission for Asia and the Far East is by all odds the most picturesque. It offers more variety in delegates' costumes, with turbaned Indians, Burmese men in colorful skirts, Philippine delegates in beautifully embroidered shirts, and all in the exotic but poverty-ridden surroundings of the Far East. Its problems are the most overwhelming.

The Latin American Commission falls somewhere between the other two. Impressive economic headway has been made in Central and South America in the last 5 or 6 years. The governments, by and large, are determined to maintain and, if possible, increase the pace. The average per capita income in the area is still under \$250 per year. In Asia it is less than half of that. In the United States it is about \$2,000.

A number of the underdeveloped countries are one-crop countries, nations whose welfare depends almost entirely on the American and European markets for their tin, or rubber, or sugar. Small

<sup>4</sup> For a review of the most recent ECE economic survey, see *ibid.*, Apr. 13, 1953, p. 534.

shifts in demand can cause great misery. Continued economic progress on their part requires, in their view, greater stability in the world market for their raw material exports. They are consequently groping for arrangements that would reduce the violent and often uneconomic fluctuations in the prices of primary commodities.

International commodity agreements have been suggested as a means of stabilizing the market. Such agreements are hard to negotiate. When surpluses are in the offing, consumers hope for price declines and shy away from premature commitments. When shortages occur, producers are anxious to make up for lean times and charge what the market will bear. The result is that whether we and other governments feel kindly or unkindly toward commodity agreements in principle, not very many are concluded in practice. The International Wheat Agreement stands almost alone.

A second area of concern to the underdeveloped areas is the need for increased food production. In the early postwar years, every country wanted a steel mill, every country was going to be self-sufficient in textiles and export to other countries; none was going to import. Gradually the overriding importance of increased food production has come to be understood, thanks in part to the educational work of U.S. representatives. The tremendous possibilities of enriching the poorer areas of the world through better seeds, fertilizers, and farm implements, fairer distribution of the available land, cheaper credit, and agricultural extension work, are being realized. A comprehensive land-reform program has been undertaken in Formosa. The same is true in India. A dramatic effort is being made in Iran. Important reforms were introduced in Japan during the period of American military occupation. The new Government in Egypt seems determined to move forward in the field of land reform. A program has been initiated in Southern Italy, an area which can properly be classed with the underdeveloped areas of the world. The results of such programs in terms of increased human dignity are even more important than the immediate economic results.

Despite the importance of increased food production and agrarian reforms in the underdeveloped areas, industrial undertakings still have the greatest allure. Politically, they symbolize development in the eyes of the have-nots. Economically, they draw surplus population from the countryside and, by diversifying the economy, make it less vulnerable to shocks from abroad. Through loans and technical assistance the United States is helping in the construction of steel plants, cement plants, power plants, and other basic facilities in various parts of the world. We will have to continue to help transform ancient, static, agrarian economies into more dynamic, more diversified, better-balanced mixtures of industry and agriculture.

#### **Benefits of Technical Assistance**

Technical assistance remains one of the most important weapons in our foreign economic policy arsenal. The underdeveloped countries tend to stress their need for grants and loans, but grants and loans without adequate preparation to use them effectively will do little to speed the actual development process. One of the reasons for the feeling of greater hopefulness one gets in India and Pakistan, is the presence there of a corps of responsible trained public officials and businessmen who know how to prepare and organize projects, how to teach and supervise others, how to put paper plans into operation. With their co-operation, the fruits of some of the U.S. and U.N. technical-assistance projects are becoming apparent. In Latin America, where technical assistance has had a longer history, progress is even more notable.

The touchiness regarding outside aid which exists among peoples of the underdeveloped countries is not always appreciated by Americans. It is even more acute in nations that have just won their independence than in those that have had it for a long time. Nothing could be more erroneous than the notion that Asia, the Middle East and Africa are eager to get U.S. aid and reluctant to stand on their own feet. Their people are extremely sensitive about outside aid, though less sensitive when it comes via the politically irreplicable United Nations than when it comes directly from the United States. They need foreign technicians, foreign capital, and foreign equipment, but the conditions under which they obtain them can make or break their governments. At the U.N. meetings the Soviets have repeatedly pointed out the risks which other countries run when they increase their dependence upon foreign technicians and foreign capital, or strengthen their ties with the United States.

Our own security is too intimately bound up with the security of other free-world nations to allow us the luxury of washing our hands of countries that exasperate us. Neither can we impose alien programs and policies upon other peoples. Yet we have to reconcile these hard facts with the commonsense policy of avoiding a bigger burden than we can carry. Our assistance should be matched by reasonable efforts on the part of other countries. After all, their future depends primarily on their own domestic decisions; what we do, at best, is to provide the extra push that can get them started or help them over the hump.

Other countries have erected trade barriers that ought to be eliminated. Many of their financial and exchange and credit policies could stand re-vamping. So could their tax programs. Underdeveloped countries in need of capital can do much to improve the climate for foreign and domestic investment. Their development plans will have to be flexible enough to encourage more initiative

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and experimentation. We have a right to ask for action along these lines from them. We exercise that right both in our international discussions and in our direct dealings with foreign governments.

In this process of mutual education, frictions and misunderstandings are bound to arise. The development process, like the course of true love, is seldom smooth; it creates lots of stresses and strains. The lure of higher wages may bring people off the land and into the cities, where a change in the economic situation may leave them temporarily jobless and stranded. Selfish groups now occupying a privileged status may lose their privileges, resent that fact, and stir up trouble. The Communists will fish where the waters are troubled. Progress and stability are hard to reconcile.

We will be quite unrealistic if we expect 100 percent success in the sense that all nations aided directly or indirectly by the United States will adopt our brand of politics or economics, or will agree with us in the United Nations or elsewhere. Failure on our part to act in ways that will expand trade and help fulfill the pent-up aspirations of the underdeveloped areas can assure the loss of large regions important to the security of the United States. Unfortunately, though, even the most skillful actions cannot guarantee that those areas will stay on our side.

• *Mr. Asher, author of the above article, is a special assistant to the Assistant Secretary for Economic Affairs. He has been a delegate to several sessions of the U.N. Economic and Social Council and of its regional economic commissions. His article is based on an address made before the Economic Education Workshop at Marshall College, Huntington, W. Va., on June 11.*

## Reported Easing of Restrictions on Travel in U.S.S.R.

*Statement by Press Officer Lincoln White*<sup>1</sup>

I have had a number of questions about reports of the removal of Soviet travel restrictions. The Department has not received detailed information as to the extent of the reported easing of travel restrictions on foreigners in the U.S.S.R. Information so far available indicates that there are still considerable areas within the Soviet Union which are not open for travel and that, furthermore, some of the travel permitted is only for purposes of transit between points in the Soviet Union.

Now, I have also been asked what our thinking is with respect to the travel restrictions we have

imposed on a reciprocal basis.<sup>2</sup> In answer to that, information on the Soviet action is not sufficiently detailed to permit any judgment about modification of our travel restrictions.

## Disturbances in East Germany

*Following are the texts of a statement on the East Berlin demonstrations issued on June 17 by the Allied military authorities in West Berlin; a letter sent on June 20 by Maj. Gen. P. T. Dibrova, Soviet military commander in Berlin, to Maj. Gen. Thomas S. Timberman, U.S. Commandant in Berlin; the Allied Commandants' joint message sent on June 24 in reply to Gen. Dibrova's letter; and an exchange of correspondence between the President and Chancellor Konrad Adenauer of the Federal Republic of Germany.*

### Allied Commandants' Statement, June 17

The British, French, and U.S. Commandants met with the Berlin municipal authorities this morning. Together they considered all aspects of the present situation. The Commandants and the Berlin authorities fully agreed on the need of maintaining public order in the Western Sectors and on the advisability of adopting a completely calm attitude.

They noted certain information according to which demonstrations in the Soviet Sector were alleged to have been incited by West Berlin agents. Since such allegations may give rise to serious misunderstandings as to the origin of such demonstrations, the French, British, and U.S. Commandants stressed clearly that neither the Allied authorities nor the West Berlin authorities have, in any manner whatsoever, either directly or indirectly, incited or fostered such demonstrations.

### Gen. Dibrova to Gen. Timberman, June 20<sup>3</sup>

Confirming the receipt of your letter of June 18,<sup>4</sup> I consider it necessary to draw your attention to the fact that in your letter the events in Berlin on June 17 are represented in a distorted way, and I decisively reject the protest contained in that letter as devoid of any basis.

In connection with this, I must inform you that the measures taken on June 17 by the military authorities in the Eastern sector of Berlin were completely necessary to curtail the burnings and other disturbances caused by groups of provoca-

<sup>2</sup> For text of the U.S. note of Mar. 10, 1952 to the U.S.S.R. on this subject and for a map showing areas in the U.S.S.R. which were closed to foreign travel as of Jan. 15, 1952, see BULLETIN of Mar. 24, 1952, p. 451.

<sup>3</sup> Texts of this and the following letter were released to the press by the Department on June 24 (press release 334).

<sup>4</sup> BULLETIN of June 29, 1953, p. 897.

<sup>1</sup> Made to correspondents on June 23.



teurs and fascist agents from the Western sectors of Berlin who were sent here.

It has been determined that the instigators of the disorders, sent out from West Berlin, were supplied with arms and radio transmitters, and were especially instructed. Of the numerous proofs on hand, it is sufficient to indicate only the following. Investigative agencies of the German Democratic Republic published on June 19 the text of the interrogation of the arrested Werner Kalkowski, residing in the American sector of Berlin at Nauninstrasse 34, which showed that he was sent, in a group of 90 persons, into the Soviet sector of Berlin to set fires, loot shops, and create other disturbances, and which also showed that he, like other hirelings, performed this for money as mercenary agents of a foreign intelligence. So that you should have a fuller presentation of the matter, I enclose the text of the testimony of Werner Kalkowski of June 19.<sup>5</sup>

In view of the above and of other specifically determined facts, your letter can only be appraised as a futile effort to remove the responsibility for the crimes of the hirelings-provocateurs of war and instigators of excesses from the representatives of the three powers in West Berlin.

In the circumstances cited, the Soviet occupying authorities could not remain inactive, nor afford freedom of action to the agents sent out from West Berlin. It is fully natural to ask you how the United States, English, and French authorities would have acted if agents-provocateurs had been sent out from East Berlin to set fires, conduct

<sup>5</sup> Following is a summary of the enclosure:

"Werner Kalkowski arrested with other agents-provocateurs by the East German security police on June 17, 1953, made the following admissions:

"He was a resident of West Berlin. On June 16, at 6 p. m. he had accepted the offer of a good reward from one Paul Gunting to stir up disorders in East Berlin.

"On June 17, at 8 a. m. he joined a group of over 90 men. The leaders of the group were Paul Gunting, one Hans Jurgen, and an American by the name of Heaver. Heaver was in uniform and wore two stars on his "shoulder-boards". Instructions were given to join the strikers in the Eastern sector, to incite them to demand the overthrow of the GDR Government, and to transform a peaceful demonstration into a riot. Furthermore, the group was to take an active part in the riot, raid government buildings, set fires, loot stores, knock down the Voro's and rouse the mob against the lawful authority, using weapons if necessary. The group moved to Potsdamer Platz, joined the strikers and started shouting slogans against the government. Twenty men had bottles filled with gasoline which they had received from an American truck standing on the Potsdamer Bridge. On Potsdamer Platz, those who had bottles started to set fire to a number of buildings. Others threw stones at the police and at windows. The group then proceeded to Leipzigerstrasse where it continued to cause violence and shots were fired at the German police and crews of Soviet tanks. Kalkowski himself did not shoot because he did not have a weapon. His part consisted only in rousing the mob against the government. In this he was helped by the Americans who had set up two loudspeakers and continuously broadcasted incitement to violence."

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pogroms, commit murders and other disturbances, and instigate acts of violence in West Berlin.

Of course, those guilty of the fires, looting, and other acts of violence will be brought to trial and severely punished.

So far as the re-establishment of communication between the Eastern and Western sectors of Berlin is concerned, I consider it necessary to draw your attention to the fact that the Soviet military authorities see no hindrances either as to transport or other communication between the two sectors of the city, on condition that the Commandants of the three powers in West Berlin take all measures necessary to guarantee the curtailment of forays by provocateurs and other criminal elements onto the territory of East Berlin.

#### Allied Commandants to Gen. Dibrova, June 24

We, the French, British and American Commandants, have received your letter of June 20 and hasten to reject your allegations that the disturbances of June 17 were the result of action by groups sent from Western sectors of Berlin. The statement in the inclosure to your letter that an American called Heaver who was wearing a uniform with two stars, which are the insignia of a major general, was seen giving the instructions to organize the disorders is, we are sure you will agree, Major General Dibrova, unworthy of serious consideration and must be held to discredit the rest of the informant's testimony.

You and the world are well aware of the true causes of the disorders which have recently occurred in East Berlin, and it is therefore unnecessary for us to tell you that the three powers in West Berlin had no responsibility whatever for instigating them.

We must therefore continue to demand that the remaining restrictions imposed on the Berlin population be lifted and that the steps which you have already taken to reestablish circulation within Berlin be carried to their logical conclusions, free and unfettered movement between all sectors.

We on our side shall continue as always to fulfill our responsibility for the maintenance of law and order in our sectors, and we are ready to do our part in reestablishing normal conditions of life throughout the whole city.

#### President's Correspondence With Chancellor

White House press release dated June 26

*Chancellor Adenauer to the President, June 21*

The people of the East sector of Berlin and of the East zone have despite the use of Soviet troops and tanks risen up unarmed against the regime of terror and force and demanded their rights of freedom. Many have had to pay for their bravery and courage with their lives. Nothing shows more clearly than the outcry of these tormented people

how intolerable the conditions in this area of Central Europe are. I should like to appeal to you urgently, Mr. President, in accordance with a resolution of June 10 of the German Bundestag, of which the American Government was notified, to do everything in your power in order that these conditions may be done away with, the human rights which have been violated may be restored and the entire German people may be given back the unity and freedom which alone guarantee a lasting peaceful development in Europe.

*President Eisenhower's Reply, June 25*

I have received with deep interest and sympathy your message of June 21st. The latest events in East Berlin and Eastern Germany have stirred the hearts and hopes of people everywhere. This inspiring show of courage has reaffirmed our belief that years of oppression and attempted indoctrination cannot extinguish the spirit of freedom behind the Iron Curtain. It seems clear that the repercussions of these events will be felt throughout the Soviet satellite empire.

The United States Government is convinced that a way can and must be found to satisfy the justified

aspirations of the German people for freedom and unity, and for the restoration of fundamental human rights in all parts of Germany. It is for the attainment of these purposes that the government you head and the United States Government have been earnestly striving together. Although the Communists may be forced, as a result of these powerful demonstrations in East Germany to moderate their current policies, it seems clear that the safety and future of the people of Eastern Germany can only be assured when that region is unified with Western Germany on the basis of free elections, as we urged the Soviets to agree to in the notes of September 23, 1952, dispatched by the American, British and French Governments.<sup>6</sup> It is still our conviction that this represents the only realistic road to German unity, and I assure you that my Government will continue to strive for this goal.

In their hours of trial and sacrifice, I trust that the people of Eastern Germany will know that their call for freedom has been heard around the world.

<sup>6</sup> BULLETIN of Oct. 6, 1952, p. 517.

## America's Changing Relationship With Germany

*by Richard Straus<sup>1</sup>*

I am honored to have the opportunity to speak to you this evening about a problem which is very much on the minds of a great many Americans these days: our changing relationship with Germany. I know that this new relationship raises numerous questions, especially in the minds of those of us who, like you and me, fought against Germany and defeated her and are now asked to understand the re-establishment of German armed forces. To understand this new relationship between the two countries we must first understand why it became necessary to alter our initial concept of Germany's treatment in the postwar era. We must understand how extensive the changes are and on what conditions they are predicated. Once we have examined these questions we can draw certain conclusions and, on the basis of the current structure of the German political scene, arrive at

an understanding of the forthcoming events in that area.

It became apparent as early as 1946 that our long-range objectives which sought to establish in Germany a democratic people firmly allied with the free democratic world and without any military might to threaten the security of her neighbors was going to be tempered by a factor which arose as the result of the changing balance of power brought about by World War II. The Soviet Union's drive to gain control not only over the territory of other peoples but, through the use of Communist propaganda, over the minds of men the world over, was a factor which had an immediate impact in Germany where the Soviet Union was a co-occupier. I need not remind you of the Berlin blockade and the clarity with which Soviet intentions were demonstrated during that period. Nor need I remind you of the meaning of the imposition of the Iron Curtain which prevented the flow of people, of goods, of news, and of ideas from West to East.

<sup>1</sup> Address made before the Convention of Jewish War Veterans of New Jersey at Mt. Freedom, N. J., on June 20. Mr. Straus is public-affairs specialist in the Bureau of German Affairs.

This Iron Curtain became a gradual reality in Germany until it reached the point where Four Power control in Germany became completely impossible. Since the Western Powers, the United States, the United Kingdom, and France, wanted to proceed with the objectives which they had initially set for themselves, namely the establishment of democratic forces in Germany including the establishment of a democratic government, the Federal Republic of Germany was established in September 1949 and has proved itself to be a bulwark of democracy during the last 4 years.

Up until 1950, however, no one had given any serious thought to ever again establishing German armed forces, in any context. In June of that year, however, war broke out in Korea. The analogy between Korea divided at the 38th parallel into free and subjected areas to a Germany divided at the Elbe into similar areas was all too obvious. The parallel had become even clearer when the Soviet Union began to arm a so-called "People's Police" in Eastern Germany. It was clear from the beginning that this, now 130,000 man-strong, police corps was nothing but an army or, at any rate, would serve as a cadre for armed forces in case of hostilities.

The Western Powers were, therefore, faced with the necessity of having to expect an attack upon Western Germany at any time. As occupation powers, we had the responsibility to defend that area, and, as military strategists, we realized that Germany must be defended if Europe is not to fall. We could do this job ourselves and have the Germans sit by and watch their country being defended by soldiers of other countries, or we could try to raise German armed forces under such safeguards as to make a German military venture impossible. In September 1950, in New York, the Foreign Ministers of the United Kingdom, France, and this Government approved the principle of the establishment of German contingents under appropriate safeguards. Later that year they determined that these contingents should be raised within the framework of a European Defense Community, a plan that had been expounded by the French Prime Minister René Plevén.

Chancellor Adenauer, a European statesman at heart, who has always recognized the dangers inherent in German militarism and in a German national army, wholeheartedly endorsed this decision.

When it had been determined that German armed contingents were to be raised and that Germany was to participate in the defense of Western Europe, it became obvious that she could participate only as an equal partner and that the occupation rules which still governed her had to be removed. In the meantime, the German Government had demonstrated its basic democratic nature and its strength to maintain a basically democratic posture. It was, therefore, an appropriate step on the part of the three Western Powers

to accept Germany as an equal partner and to conclude with her the Convention on Relations between the Three Powers and the Federal Republic of Germany which was signed at Bonn on May 26, 1952.

### Contractual Agreements

These agreements, commonly known as the "Contractual Agreements with Germany," will serve to govern the relationship between the three Western occupation powers and Germany until a peace treaty can be concluded for all of Germany. The contractual agreements return to Germany virtual sovereignty. They maintain for the United States, the United Kingdom, and France only such powers as relate to Germany as a whole (that is, the relationship with the Soviet Union), certain emergency powers, and the right to station troops in the territory of the Federal Republic. In addition to a general agreement establishing the principles of the new relationship, there are specific conventions relating to the rights and obligations of the foreign forces, to settlement of matters arising out of the war, and to the financial relationship between Germany and the current occupying powers.

Treaties between nations are only valuable if the political conditions in both countries permit the treaties to become effective. The relaxation of the restrictions on Germany's sovereignty must, therefore, be viewed in the context of the current political situation in that country. We could not have concluded or ratified the contractual agreements if certain basic political conditions had not been established in Germany—conditions upon which our whole policy is predicated. These conditions require a firm commitment on the part of the Federal Republic for an alliance with the free world. They require the maintenance in Germany of a government with a basically democratic structure. They require adequate guarantees on the part of Germany not only in writing but in political reality that they will never again attack a peaceful neighbor. And, finally, they require what the agreements themselves concede to the Western powers, the right to station our own forces in Germany for the defense of the free world and the right to proclaim a state of emergency in any of the following four conditions: in case of an attack upon the Federal Republic; in case of subversion of the liberal democratic order; in case of a serious public disturbance; and in case of a grave threat of any of these events.

Let us, therefore, examine whether these conditions on which our agreements are predicated now exist in Germany. The current government composed of members of the moderate right-wing parties is firmly allied with the West. Chancellor Adenauer himself, as you are unquestionably aware, is a statesman who has made the re-establishment, perhaps the establishment for the first

time, of harmonious Franco-German relations one of the basic tenets of his policy. His Government is firmly convinced that Germany's future lies in the free world and that unless her ties with the free world are bound firmly, Germany will be subjected to pressures both from the extreme left and the extreme right which would cause considerable political unrest. Popularly, the thesis of the firm alliance with the West has deep roots.

It may be one of the results of Germany's attack on the Soviet Union that the average German has thereby become aware of the dangers of Soviet communism and is extremely skeptical of any Russian move. This general feeling and especially the opposition to communism is equally as firmly rooted in the Socialist Party and its members. Socialism and communism have traditionally been forces in Germany, the more so since 1945 when the German Socialists realized that the Communist Party was no more than a puppet of a foreign government. Even the voice of those who would have a "neutral" Germany between East and West have become very quiet of late. Nothing can better demonstrate German-Communist relations than the recent demonstration in East Berlin.

An appraisal of the basic democratic structure of Germany is more difficult. Mr. McCloy in his last report to the American people appraised the situation as follows:

The results of five years of study of the values, hopes, fears and confusions of the West German rank and file do not add up to any simple answer to the question of whether or not democracy as a way of life will win out against non-democratic ideologies in the Germany of the future. Although it is not possible to say on the basis of the facts at hand that a strong and genuine democracy *will* grow in Germany, it is possible to say that it *can* grow. There is evidence of sufficient support in Germany today for democratic principles to provide the conditions for future progress.

The U.S. Government has accepted this position as the basis for its program in Germany. It will continue a vigorous public-affairs program designed to aid and stimulate the democratic forces inherent in German public life to assure that in Germany there will grow a democratic structure of such proportions as to make the alliance between Germany and the Western World a true alliance not only of expediency but of moral and political values.

#### Security Guarantees

The desire for adequate security guarantees is one which our Allies share with us and in which they are perhaps more emotional than many of us. I am thinking particularly of France, which has fought three wars with Germany in the last 100 years. It is, therefore, particularly noteworthy that the plan under which German contingents are being established was a plan of French origin. This plan provides for a European army under a

European general staff. The structure of these forces is such as to make it virtually impossible for Germany to assume control over her own forces for an aggressive venture at any time. These security guarantees were basic Allied requirements in permitting the establishment of a new relationship between the victors and the vanquished of World War II.

The new relationship is still in the making. The United States, the United Kingdom, and the German Parliament have ratified the contractual agreements. The German Parliament has also ratified the European Defense Community (Edc) treaty. In order for the treaties to go into effect, the ratification of France to both of these treaties is still required as is the ratification of the four other signatories (Holland, Belgium, Luxembourg, Italy) to the Edc treaty. Until both of these treaties are fully ratified, none of the treaties will go into effect. In the meantime we have gradually moved from the occupation era to the era of cooperative action.

Many problems which initially had to be solved by Allied action have now been turned over to the Germans and are being solved satisfactorily by the German Government. I am thinking particularly of the restitution agreement with Israel and the World Jewish Organizations under which Germany has agreed to pay the sum of \$12 billion in indemnity for the wrongs done to Jews by the Third Reich. The German Government itself has stated that this sum in no way can make up for the human and material losses which were caused by the Nazi regime but they felt that it represents in as far as Germany can bear the burden a material restitution and thereby an aid to the new Republic of Israel. I am thinking also of the recently concluded agreement on German debts. I am thinking further of individual restitution, of decartelization and deconcentration, all of which have been or are being assumed by the German authorities. And finally, I would like to bring to your attention the action of the German Government and German people in creating within the German society such democratic institutions as a National Conference for Christians and Jews, a League of Civil Rights and many other semigovernmental and private institutions designed specifically to safeguard the initiative which was taken by the Allied Powers in the immediate post-war period to establish a democratic Germany which could become a partner in the free world.

I have every reason to believe that this trend will continue. There is to be an election in Germany this year and as in all elections there will be recriminations and nationalistic speeches. Many of them may be misunderstood by foreign listeners. But I sincerely believe that once the election campaign is completed, regardless of which of the major parties is successful, the trends which have been set in Germany over the past 4 years will continue.

## Syngman Rhee's Reply to President's Letter on Korean Armistice

*Following is the text of a letter dated June 19 from Syngman Rhee, President of the Republic of Korea, in reply to President Eisenhower's letter of June 6:<sup>1</sup>*

DEAR MR. PRESIDENT: First of all, I must apologize for my long delay in answering your good letter of June 6, 1953. To confess the truth, I made more than one draft, but I could not express myself clearly without appearing to be argumentative, which I wanted to avoid. I do hope you will read this letter in the same friendly spirit in which it is written.

From the beginning, we repeatedly tried to make clear to all friendly nations that if an armistice permitting the Chinese aggressors to remain in Korea should be concluded we could not survive. This apprehensiveness has not abated.

Evidently our friendly nations seem to take it for granted that the withdrawal of the Chinese Communists from Korea and the subsequent unification of Korea can be accomplished by the political conference scheduled to follow the armistice. I do not wish to enter detailed argument over this point but I feel I must say, at least, that we do not believe in the possibility.

It is true that is a matter of opinion. Our opinion is, however, supported by facts which we can never ignore or forget. The experiences we have gone through ourselves will remain a guiding factor in forming our judgments until something happens which convincingly counter-attacks them.

Now that the United Nations is to conclude a cease-fire agreement with the Communist aggressors regardless of what may happen to Korea, in practical terms we are constantly haunted by the question of how we can survive as a nation at all. The following passages will, I hope, give you some idea of our reactions to the situation.

We desire to remain friendly to the United States to the last, remembering what it has done for us, both militarily and economically in our struggle against aggression.

If the United States forces have to stand by, for

some reason, ceasing to participate in any further struggle or to withdraw from Korea altogether as an aftermath of the impending armistice, we have nothing to say against it.

Whenever they find it necessary or desirable to leave Korea they can do so with a friendly feeling toward us just as we are trying to remain their friends. So long as either party does not interfere with the plans of the other, both can maintain the cordial relations between them.

In the first year of this three-year-old war, both the United States and the United Nations alternately and repeatedly announced, as the war objectives, the establishment of a united, independent and democratic Korea and the punishment of the aggressors. It was at the time of the United Nations drive to the Yalu that they made these announcements so that we naturally took them as their declared war objectives. But later, when the Communist forces proved to be stronger than expected, the United Nations statesmen took to the interpretation that it had never been intended to unify Korea by war. That was an open confession of weakness; very few people took it at its face value. Nowadays we hear no more about the unification of Korea or the punishment of the Communist aggressors, as if either we had achieved these objectives or abandoned them.

All we hear about is an armistice. There is grave doubt that an armistice reached in such an atmosphere of appeasement can lead to a permanent peace acceptable and honorable to us. Personally, I do not believe that the Communists will agree, at a conference table, to what they have never been made to agree to on the battlefield.

Your generous offers of economic aid and an increase of the R.O.K. defense forces are highly appreciated by all Korean people, for they are what we badly need. But when such offers come as a price for our acceptance of the armistice as we know it, they cannot but have little inducement, because, as I have said before, to accept such an armistice is to accept a death warrant.

Nothing would be of much avail to Korea, to say the least, after that fatal blow should have been dealt it.

<sup>1</sup> BULLETIN of June 15, 1953, p. 835.

July 6, 1953



### **President's Representative Departs for Korea**

*Statement by Walter S. Robertson  
Assistant Secretary for Far Eastern Affairs<sup>1</sup>*

I am flying to Korea as the personal representative of the President and the Secretary of State and in response to an invitation from President Rhee. I take with me a message from the Secretary to President Rhee, the contents of which I am not at liberty to disclose. I will discuss with General Clark and Ambassador Briggs, as well as with President Rhee and the other Korean leaders, all aspects of the situation in Korea where we and the Korean people have fought and sacrificed heavily for 3 years. In this way my visit should enable us in Washington to have a firsthand and up-to-date picture of how things stand in Korea. I hope that my visit will also give General Clark and Ambassador Briggs—as well as President Rhee—the clearest picture of the views of the U.S. Government.

<sup>1</sup> Made at Washington National Airport on June 22 (press release 332). Other members of the mission included Carl W. McCardle, Assistant Secretary for Public Affairs, and Kenneth Young, Director of the Office of Northeast Asian Affairs.

We do not question the sincerity with which you kindly promised to use your authority to bring about a mutual defense pact between our two nations, after the conclusion of the armistice. As a matter of fact, a mutual defense pact is what we have constantly sought, and we are behind it heart and soul; but if it is tied up with the armistice its efficacy would be diminished almost to a vanishing point.

Mr. President, you will easily imagine what a hard situation we confront. We committed everything, including our arms and forces, to the United Nations action in Korea, incurring frightful losses in manpower as well as material destruction, in the sole belief that we and our friends had the self-same objectives of unifying sundered Korea and punishing the Communist aggressors. Now the United Nations seems to stop short of its original aims and to come to terms with the aggressors which we cannot accept, not because we have never been consulted but because those terms would mean sure death for the Korean nation. Moreover, the United Nations is now putting pressure on us in cooperating with it; and is joining hands, it seems, with the enemy in this matter of armistice terms.

We cannot avoid seeing the cold fact that the counsels of appeasers have prevailed in altering the armistice positions of the United States. In our view, this perilous trend, if perpetuated by the conclusion of this fatal armistice, will eventually endanger the remainder of the free world including the United States, which millions of both free and enslaved hope and pray from the bottom of their hearts will lead them in liberation of the peoples in chains behind the Iron Curtain.

At this very moment, the Communist forces are launching a large-scale offensive when the armistice talks have scarcely left anything except the affixing of signatures by the parties concerned. This should be a warning for our immediate future. The terms of the armistice being what they are, the Communist build-up will go on unhampered until it is capable of overwhelming South Korea with one swoop at a moment of the Communists' own choosing. What is to follow for the rest of the Far East? And the rest of Asia? And the rest of the free world?

Still looking to your wise leadership for a remedy in this perilous hour,

Yours very sincerely,

SYNGMAN RHEE.

### **General Assembly President Asks Syngman Rhee's Cooperation**

*Secretary-General Dag Hammarskjöld on June 22 transmitted to President Syngman Rhee of South Korea the following message from Lester B. Pearson, president of the U.N. General Assembly:<sup>1</sup>*

As President of the General Assembly of the United Nations I have been shocked to hear of the unilateral action which you have sanctioned in bringing about the release of nonrepatriable North Korean prisoners from the United Nations Prisoner of War Camps in Korea.

I take this occasion to recall the decisive action taken by the United Nations when aggression was initiated in June 1950 and the satisfaction which you expressed in the response of the United Nations to the urgent appeals made by you for military and other assistance. That collaboration, aimed at the repelling of aggression and the restoration of your country to a condition of peace and economic well-being, has been marked by 3 years of effective effort on the part of members of the United Nations, and of your Government and people, under the direction of the United Nations Command. In view of what this collaboration has meant to your people, it is most regrettable that you have taken action which threatens the results already achieved and the prospect of a peaceful solution of remaining problems.

This release of North Korean prisoners from United Nations Prisoner of War Camps in Korea is particularly shocking in view of the progress made by the armistice negotiators in Panmunjom, which has resulted in the acceptance of principles laid down in the United Nations General Assembly's Resolution of 3 December 1952, endorsed by 54 member nations. The acceptance of the principles underlying this resolution, especially that of no forcible repatriation of prisoners, which has been the basis of your position as well as that of the United Nations, has only been obtained after 2

<sup>1</sup> U.N. doc. A/2398 dated June 23.

years of patient and persistent negotiation by the United Nations Command.

The action taken with your consent, in releasing the North Korean prisoners, violates the agreement reached by the two sides on June 8, 1953, embodying these principles, and it occurs at a time when hostilities are about to cease, and when the questions of the unification of Korea and related Korean problems can be dealt with by a political conference involving the parties concerned.

In July 1950, as a means of assuring necessary military solidarity with the United Nations effort in repelling aggression, you undertook to place the land, sea and air forces of the Republic of Korea under the "command authority" of the United Nations Command. Your action referred to above violates that undertaking.

As President of the General Assembly of the United Nations I feel it my duty to bring to your attention the gravity of this situation. I hope and trust that you will cooperate with the United Nations Command in its continuing and determined efforts to obtain an early and honourable armistice.

I should like to take this occasion to express, as President of the United Nations General Assembly, my profound sympathy for the sufferings of the people of Korea during the past 3 years, and my admiration for the valiant efforts of the Army in its cooperation with the forces of the United Nations. It is my earnest hope that this cooperation will continue, not only in the immediate task of obtaining the armistice but in assuring that the armistice is thereafter faithfully observed, in order that we may jointly proceed toward our common objective of the unification of Korea by peaceful means. If this cooperation were ended, it would be the Korean people who would suffer first and suffer most.<sup>2</sup>

## Pakistan To Receive U.S. Wheat

### Signature of the Wheat Aid Act

#### *Statement by the President*

White House press release dated June 25

I am deeply gratified to sign this act which makes it possible to send up to 1 million tons of wheat to help avert famine among the people of Pakistan. We are fortunate in being able to help them by sharing some of the fruits of our labor and soil.

Americans have a strong feeling of friendship for the people of Pakistan. We have great admira-

<sup>2</sup> On June 23 Department Press Officer Lincoln White made the following statement to correspondents:

"The United Nations has a major and immediate interest in the Korean situation. Mr. Pearson, as President of the General Assembly, has forcefully expressed this interest in a message to President Rhee which has just been released. The views contained in Mr. Pearson's message accord with those expressed to President Rhee by spokesmen for the United States Government."

tion for this young country which is engaged in a valiant and determined effort to overcome problems of tremendous magnitude. Their efforts remind us of the turmoil and struggle of our own early days—and the struggle which confronts us on a broader scale today.

We are proud to have such staunch friends as the people of Pakistan, who are dedicated to the democratic way of life. We are happy to be able to respond to their need with this aid.

The swift action by the Congress in making possible this aid, within 2 weeks after my message requesting such assistance,<sup>1</sup> reflects the sympathy and concern of the people of the United States for the people of Pakistan.

Our sincere hopes for peace and prosperity go with this grain.

### Shiploading Ceremony

#### *Remarks by Horace A. Hildreth<sup>2</sup>*

As American Ambassador to Pakistan, I am naturally very pleased to be present at this ceremony.

The Secretary of State, Mr. Dulles, has asked me to express to you his sincere regret that he is unable to be here personally. He does want me to tell you how impressed he was with what he saw on his recent visit to Pakistan.

Certainly there are many features about the country and its people which have great appeal for Americans. It is a nation of hard-working people who are determined to achieve their primary goals, which include increasing their standard of living. In its few years of existence as a nation, it has accepted grave responsibilities in world affairs.

Although it has not been long since I was appointed to my post, the first and outstanding thing I learned of at firsthand was the deep amount of good will and friendship which exists on the part of the people of Pakistan toward the United States. At this critical moment in history, when our country and the rest of the free world is threatened by the most imperialistic, godless power the world has known, our people can indeed be happy that these warm feelings exist. The swift action of the U.S. Government in approving emergency wheat aid to Pakistan has been cited by a leading Pakistani paper as "proof of infallible friendship between two free nations." It is evident from the response in the United States that this sentiment of friendship is reciprocated here.

Why do we give this wheat to Pakistan?

Let me say what I think about it as the American Ambassador to that country.

I have seen at firsthand the needs of this young nation. Its Government and people are faced with

<sup>1</sup> For text of the President's message, see BULLETIN of June 22, 1953, p. 889.

<sup>2</sup> Made at Baltimore, Md., on June 26 (press release 337.)

### **President Eisenhower, Prime Minister of Pakistan Exchange Messages**

*On June 29 the White House made public the following exchange of messages between the President and Mohammed Ali, Prime Minister of Pakistan:*

#### **The Prime Minister's Message**

I have received with much pleasure the news that you signed, on the 25th June, 1953, the Bill providing one million tons of wheat grant to Pakistan. This news has been received here with a general sense of relief because we know now that with this generous aid we shall be able to meet the food shortage with which Pakistan was faced. This generous grant from the people of the United States of America and the promptness with which your Government has acted is a fine practical proof of friendliness and good will which the United States of America bears towards my country. I assure you that this timely help, which will relieve distress in the country, has earned the deep gratitude of the nation.

I also wish to convey my personal thanks to you and your Government for all that has been done to help Pakistan.

#### **The President's Reply**

I appreciate the warm expression of your gratitude for the action of our people in providing wheat for your stricken country. Our response to your call was made in the American tradition of giving help to the best of our ability where help is needed. It is also a true measure of the friendly feeling and admiration which Americans have for the people of Pakistan. We are proud to count your vigorous, young nation among our friends.

internal economic problems of great magnitude. They are facing them with courage and imagination. Meanwhile the forces of nature have not been kind.

Pakistan is now faced with a critical food shortage which threatens many of its people with famine and starvation. It is sometimes difficult for Americans to imagine the sufferings of men and women who live far from our shores unless we have personally seen them for ourselves. But these sufferings are nonetheless real. This wheat will help prevent many, many human beings from starving. At the same time, this aid will be of tremendous help in alleviating what otherwise would be a grave danger to the economy and internal stability of Pakistan.

Pakistan sprang from the deep desire of its people to be free and to remain free. The United States can be proud of its support.

We have shown our interest in many ways—through Point Four and other economic help, our exchange of persons program, the work of private American organizations, and now with this grant of wheat. I will indeed be happy and proud to return to my post at Karachi knowing that my country has responded so quickly to this request of a friend.

### **Long-Range Program Recommended For Underdeveloped Areas**

A long-range program for building up the less developed areas will help achieve economic balance throughout the free world, an Advisory Committee on Underdeveloped Areas has reported to Mutual Security Director Harold E. Stassen.

The observation was made by the group of private citizens after a 2-month study of past and current U.S. programs in underdeveloped areas. Their report, made public on June 13, is titled "Economic Strength for the Free World—Principles of a United States Foreign Development Program." The report concerns the less industrialized countries of Southern Europe as well as those of Latin America, South and Southeast Asia, the Middle East, and Africa, and proposes guideposts for future programs for their development.

In recommending a long-range program, the Committee suggests that private investment, stimulated by an expanded U.S. Government investment-guaranty program, should play a greater role in the underdeveloped areas and that, while industrialization is necessary, it should not be emphasized to the point where it would unbalance the economy.

In a foreword to the report, Mr. Stassen describes it as "a thoughtful and reasoned document which contributes to our understanding of the problems of the underdeveloped areas and to our appreciation of the widening United States interest in those areas." Calling the publication of the report "most timely," Mr. Stassen also said it "can serve as one of the guides in the review of programs for Mutual Security now under way or which may be undertaken in the future."

Warning that "economic development [in these areas] cannot be promoted effectively on a year-to-year basis," the report concludes:

There should be some assurance to the free world that we are "in the world for good" and that our interest in the less developed areas is not a short-run emergency policy. Recognition of the inevitable and continuing role and responsibilities of the United States in today's interdependent world is a fundamental problem of American public policy and legislative understanding.

In discussing the potential role of the underdeveloped areas in the balancing of free world's economy, the Committee points out that these regions are "a significant segment of the trading world," with untapped sources of raw materials. The development of these areas, the Committee concludes, could help, for instance, to reduce Western Europe's dollar deficit.

The report suggests that increased U.S. investments would aid the development of these regions and, at the same time, help produce commodities required in Europe and now obtainable only from dollar areas.

Other recommendations and findings in the report include:

—Public financing should develop basic services, such as transport, power, communications, and health and sanitary services which, in turn, would attract more private capital into the less developed areas;

—The advisability of broadening the U.S. Government guaranty program, administered by MSA, to cover war risks under certain conditions should be carefully explored;

—The financing of projects for direct production, especially in mining or industry, should normally be left to private capital, "where the risk of loss will help to assure careful screening;"

—While industrialization "has become a powerful symbol, the economic counterpart of nationalism and political independence," there should be countersteps to the tendency of some less developed countries "to make industrialization the principal . . . focus of their efforts toward economic development, and to undermine their position as materials producers in seeking to achieve it;"

—In view of the extra financial burdens placed on some underdeveloped areas as a result of the free world's defense buildup, military programs should be integrated with economic and financial programs.

The report also considers a variety of other phases of development programs and possibilities, including the need for technical assistance, types of financing, population problems, and questions involved in the search for basic and strategic materials.

The members of the Advisory Committee who made the study are:

Chairman, John E. Orchard, professor of economic geography, Graduate School of Business, Columbia University; Edwin G. Arnold, executive associate, Ford Foundation, New York; C. W. de Kiewiet, president, University of Rochester; John W. Harriman, dean of the Graduate School, Syracuse University; Lester K. Little, inspector general of Chinese Customs (retired); Edward S. Mason, dean, Littauer School of Public Administration, Harvard University; Stacy May, economic adviser on staff of Nelson A. Rockefeller and adviser to the International Basic Economy Corporation, New York City; and Whitney H. Shepardson, president, National Committee for Free Europe.

## MSA Productivity Allotments

### *To France*

The Mutual Security Agency (MSA) on June 5 announced the allotment of \$30 million in defense-support funds to France under terms of a special agreement concluded on May 28. The new allocation enables France to create a fund of 9,450,000,000 francs to finance an expanded industrial and agricultural productivity program.

France is the sixth Western European country to conclude a productivity agreement with the United States. Earlier agreements have been

reached with the United Kingdom, Western Germany, the Netherlands, Denmark, and Italy. A total of \$77 million in defense-support funds has now been committed for the six countries under the productivity agreements. Negotiations for similar agreements are pending with Norway, Belgium, Austria, Turkey, and Greece.

The productivity agreements are being made under the terms of 1951 and 1952 amendments to mutual-security legislation which direct the Agency to conclude agreements that would make possible the utilization of the equivalent of approximately \$100 million in Western European currencies in an area-wide productivity drive of expanded proportions.

France will immediately launch a three-pronged productivity campaign designed to stimulate French free enterprise through the cooperative action of all elements of the economy.

The purpose of the French productivity program was stated by Robert Buron, French Minister of Economic Affairs, in his May 28 letter to Henry R. Labouisse, MSA Mission Chief in France, concluding the agreement. The letter stated:

The development of the mutual security and the individual and collective defense of the free world depends in large measure on the establishment in France of a healthy and expanding economy capable of assuring a progressive rise in standards of living. In order to attain these objectives, the French Government considers that it is highly desirable to stimulate the expansion of the French economy by encouraging the increase of production and productivity of industry and agriculture in cooperation with the union organizations which have been members of the National Productivity Committee and with like-minded labor groups. To make this action effective, it is recognized that competition should be encouraged, while restrictive trade practices which result in decreased production and higher prices, should be combatted.

In the three-phase program, France will provide (1) francs equivalent to approximately \$10 million as grants for use in industrial, housing, distribution, agricultural, and research projects designed to increase output, lower prices, and raise wages; (2) francs equivalent to \$2,400,000 for the European Productivity Agency established May 1 under the Organization for European Economic Cooperation (OEEC); and (3) francs equivalent to approximately \$14.6 million to make loans and loan guarantees to private enterprises and cooperatives wishing to modernize their operations for the purpose of improving productivity. The franc equivalent of \$3 million will be reserved for the U.S. Administrative Account.

Notable in the uses that will be made of the franc funds is the tentative allocation of 700,000,000 francs (equal to \$2 million) for assistance to industrial firms or cooperatives who wish to improve methods of organization and management as examples which may be followed by other firms and cooperatives. Typical of this type of project are those currently being carried out in cooperation with the French shoe and men's clothing industries. Similar "pilot projects"

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will be encouraged in such industries as cotton, silk, and building construction.

Also noteworthy in the intensified French program is the allocation of 850 million francs (equal to \$2,420,000) in the agricultural field, chiefly for the development of a unified extension service for farmers. Other projects in this field are aimed at the improvement of product quality market organization and distribution.

The principles governing the 5.11 billion franc (equivalent to \$14.6 million) loan program restrict such loans to enterprises which are considered by the French Productivity Commissariat (established by decree, May 28) to be adaptable to improved productivity techniques, and which will use such loans for the purpose of expanding production and improving productivity. Loans may be made for the purpose of purchasing equipment, supplies, and services or for plant expansion and the increase of working capital. Directed primarily toward small and medium-sized enterprises, the loans will regularly be at 6 percent interest.

In entering into the agreement the French Government noted that the additional funds will give vastly greater impetus to France's productivity effort, which has been under way since 1948.

#### *To Norway*

The Mutual Security Agency (MSA) on June 10 announced the allotment of \$4 million in defense-support funds to spur Norway's productivity drive. Industry, commerce, agriculture, and fisheries will be affected.

The Norwegian Government will use the \$4 million credit to purchase commodities needed in her defense program, but will deposit an equivalent amount of kroner to finance the expanded productivity drive. The Norwegian Storting (Parliament) is appropriating an additional 5 million kroner (equal to about \$700,000) to further the productivity drive.

The MSA allotment was made under the terms of a special productivity agreement between the Governments of Norway and the United States, as provided by 1951 and 1952 amendments to mutual-security legislation authorizing the use of up to \$100 million to stimulate productivity and free enterprise.

Under the expanded Norwegian productivity drive, about 10 million kroner (equal to \$1,400,000) generated by the MSA allotment will be used to help finance the operations of a new nongovernmental Norwegian productivity institute. The institute's main functions will be to promote productivity, make grants of funds to public, private and cooperative institutions and organizations pursuing productivity goals, and provide advice to the Norwegian Government on the operation and administration of a revolving productivity loan fund.

The Government will launch the revolving loan fund with another 10 million kroner (equal to \$1,400,000) generated by the MSA dollar allotment. Six million kroner (equal to about \$840,000) will be used to finance intensive productivity programs for agriculture and fisheries under guidance of the respective ministries. The kroner equivalent of \$320,000 will be set aside as Norway's contribution to the new European Productivity Agency established on May 1 by the Organization for European Economic Cooperation (OEEC).

The new institute will take over the major responsibility for carrying on Norwegian productivity and technical-assistance activities organized in cooperation with MSA. In the past, these activities have been handled by special offices in the Norwegian Departments of Industry and Commerce.

#### *To Belgium*

The Mutual Security Agency on June 16 allotted \$1 million to Belgium to launch an expanded agricultural and industrial productivity program in that country.

Belgium is the eighth Western European country to conclude a special agreement with the United States for such a program.

The Belgian Government has indicated that it will use the \$1 million allotment to pay for commodities and services which have "direct bearing on the improvement of productivity or the promotion of the productivity program."

Belgium is to match the dollar allotment with 50 million Belgian francs to be used as follows: 41 million for agricultural and industrial loans and grants in direct support of the expanded productivity drive; 4 million to be contributed to the new European Productivity Agency established under the Organization for European Economic Cooperation (OEEC); and 5 million to be reserved for use of the U.S. Government as provided by the Economic Cooperation Act of 1948.

Apart from funds for technical-assistance projects, Belgium has received no dollar grants since 1950 when it was indicated that the country needed no further dollar assistance. The agreement for economic cooperation between Belgium and the United States, drafted in July of 1948, continues in effect, however, and the June 16 allotment was made under its provisions.

Belgium is one of the first countries to plan the use of its MSA-generated productivity funds to establish demonstration plants in various industries to convey "to the broadest segment possible of the Belgian population" the results which can be obtained from application of productivity principles. It is proposed to launch the demonstration program in the Belgian shoe industry, adding other consumer goods industries as the program progresses.



## The North Atlantic Marine Research Program

### MEETING OF THE INTERNATIONAL COMMISSION FOR THE NORTHWEST ATLANTIC FISHERIES AT NEW HAVEN, CONN., MAY 25-30, 1953

*by William M. Terry*

The International Commission for the Northwest Atlantic Fisheries held its third annual meeting at New Haven, Conn., from May 25 to May 30, 1953. Commissioners and advisers from the 10 member nations met at the Bingham Oceanographic Laboratory as guests of Yale University to review the status of the great groundfish fisheries off the west coast of Greenland, the coast of Labrador, and on the banks of Newfoundland, Nova Scotia, and New England. The member nations are Canada, Denmark, France, Iceland, Italy, Norway, Portugal, Spain, the United Kingdom, and the United States. The U.S. Commissioners are John L. Kask, Assistant Director, Fish and Wildlife Service, U.S. Department of the Interior, Bernhard Knollenberg, attorney, Chester, Conn., and Francis W. Sargent, Director of Marine Fisheries, Massachusetts Department of Conservation.

The Commission, established pursuant to a convention signed in February 1950, is responsible for the investigation, protection, and conservation of the fisheries of the Northwest Atlantic Ocean. In essence its task is to keep these fisheries under constant review, to guide and coordinate the research efforts of its 10 member nations, and, when conditions warrant, to propose regulatory measures to the member nations. The first such regulation, recommended by the Commission at its second annual meeting in 1952, limits the size of meshes in nets used in the haddock fishery off the New England coast. It entered into force on June 1, 1953.

The U.S. interest in certain of these fisheries, and consequently in the Commission, is great. Indeed, it was the initiative of the United States which brought the Commission into being. Each year American fishermen catch approximately 800 million pounds of fish, valued at about 35 million dollars, in the Northwest Atlantic area. Some 15,000 fishermen in New York and the New England States are dependent upon these fisheries for

their livelihood. In recent years New England fishermen had become increasingly concerned about the conservation of the haddock fishery and had urged the Government to seek means of restoring haddock to previous levels of abundance. Since this important fishery was conducted by the fishermen of many nations, it was clear that only through international cooperation could the haddock resources be protected. Accordingly, in 1949 the United States invited the governments of the 10 nations most interested in the problem to meet in Washington to arrange for joint action. As a result of this conference, the International Convention for the Northwest Atlantic Fisheries, establishing the Commission, was concluded on February 8, 1949.<sup>1</sup>

The Commission has made great progress toward its objectives. Prior to its third annual meeting it had acquired a small staff and developed a system for the collection and dissemination among its members of statistical and scientific information. At its second annual meeting it proposed the mesh regulation, mentioned previously, as a likely answer to the problem in the New England haddock fishery. Thus, concrete action which will benefit the United States was taken only a short time after the creation of the Commission. Also, at the second annual meeting, the Commission established a working group of scientists to draw up a comprehensive research program for the Convention area, in a sense a master plan for future investigations. Progress on the whole was somewhat hampered, however, by the fact that only six of the signatory governments had ratified the convention. Until membership was complete, all phases of the work could not go forward.

<sup>1</sup> For text of the final act of this conference and of the International Convention for the Northwest Atlantic Fisheries, see *Documents and State Papers* (Department of State publication 3484) for March and April 1949, p. 707; for a report on the International Commission's first meeting, in April 1951, see *BULLETIN* of June 11, 1951, p. 954.

At the third annual meeting, all signatory governments were represented by Commissioners for the first time. The remaining four signatory nations had ratified the convention during the past year, so that membership is now complete.

The most important items of business before the Commission at this meeting were (1) a review of the status of the fish stocks in the several subareas into which the Convention area is divided; (2) consideration of research activities scheduled for the coming year; (3) recommendations to member governments for improvement of the Commission's statistical work; and (4) consideration of a comprehensive research program for the Convention area.

#### **Problems of the Subareas**

The first two of these items were dealt with at meetings of the five panels, committee-like organizations set up to keep under continuous review the fisheries of the five subareas. The United States is a member of panels V, IV, and III which include the fisheries on the New England Banks, the Nova Scotian Banks and the Grand Banks, respectively. Generally speaking, the reports of the scientists who worked in the five subareas in past years presented an encouraging picture. Only in subareas 4 and 5 was there evidence of need for immediate action. In subarea 5, the New England haddock fishery is at a low level. The Commission had already proposed a mesh regulation as a partial answer to this problem, and at this meeting it adopted certain amendments to increase the regulation's effectiveness. The report of Canadian scientists on the fisheries in subarea 4, the Nova Scotian Banks, indicated possible decline in the cod fisheries and considerable destruction of immature haddock at sea. A special committee of scientists was constituted to study intensively the situation in subarea 4 and report to the Commission at its next annual meeting. If the evidence warrants, the Commission will consider regulation of the fisheries in subarea 4 at that time.

Except for its proposal for amending the mesh regulation for subarea 5, the Commission's recommendations to member governments dealt largely with improvements in the system of collecting fishery statistics. The problem of statistics is both important and difficult to solve. A current and complete statistical picture of the fisheries is essential to a clear understanding of the status of the fisheries, the progress of research, and the effectiveness of management measures. Ten nations fish in the Convention area, each using its own system of collecting data, its own standards of measurement, and its own methods of reporting. This great mass of data must be brought together by the Commission, the various types of measurement must be converted to a single standard, and the data analyzed, interpreted, and made available to

researchers. Much progress has been made in this direction, and it will be furthered by the recommendations adopted at New Haven.

Possibly the most significant of the Commission's actions at its third meeting was the adoption of a comprehensive research program for the Convention area. At its second annual meeting the Commission had agreed that it was essential to develop a research program which would coordinate and direct at a single goal the efforts of the research agencies of the member governments. Most of those governments had conducted investigations of the fisheries for years and had obtained considerable information. However, each government carried on these studies independent of the others with the result that there was duplication of effort, certain problems were completely overlooked, and the scientists of one nation frequently were unaware of, and therefore did not benefit from, the work of those of other nations. The progress of research was necessarily slow. To correct this situation, the Commission appointed a special committee of scientists to work during the year on the development of a comprehensive research program. The program developed by this committee was adopted by the Commission at the third annual meeting.

#### **Research Program Adopted**

Briefly, the program designates cod, haddock, redfish, and halibut as the four species of most importance in the Convention area and poses three fundamental questions with respect to these species which must be answered if the Commission is to achieve its objectives. The questions are:

- a. What are the principal fish stocks, where are they located, how are they divided, and how are they now used?
- b. How do intensity and method of fishing affect the stocks and the long-term yield?
- c. How are the stocks affected by natural factors?

The program then outlines the work to be done in answering these questions, specifying (1) essential records on all fisheries which must be collected by all countries, i. e., statistics on catch and effort and samples of catch for analysis of length and age composition; (2) essential records to be obtained cooperatively, not necessarily by every country, i. e., data defining the stocks and their movements, data making possible the assessment of the sizes of stocks and rates of mortality and recruitment, and data making possible a determination of the effects of natural factors on abundance and distribution; and (3) contributory information to be obtained as opportunity permits, e. g., measures of basic productivity which will give the rate of production of the organic material on which fish ultimately depend for food.

The program then proposes means of coordinating the work. It is contemplated that the work will be carried out by national research agencies in

centers far removed one from the other. If the program is to be effective, with no duplication of effort, special provision must be made for pooling the varied knowledge and experience, for the coordination of the work, and for the development of sound recommendations. The program proposes four measures to accomplish this coordination: (1) the establishment of three working parties on cod and haddock, redfish and halibut, and hydrography respectively, to consist of active research workers; (2) provision of opportunity for working scientists to make visits to the research stations and ships of other countries to observe and practice techniques and develop ideas; (3) maintenance at Commission headquarters of an up-to-date register of scientists engaged in the various branches of the Commission's work; and (4) exchange, through the Commission, each December or as soon thereafter as possible, of programs for the ensuing year. This coordinated program will result in providing the Commission with more accurate and comprehensive data on the fish stocks and a better understanding of the effects of man and nature upon them which will enable it to undertake timely management measures to insure the continued productivity of these important fisheries.

Other important actions at the New Haven meeting were (1) the selection of Halifax, Nova Scotia, as the site of the Commission's permanent headquarters; (2) the adoption of a budget of \$33,000 for the coming fiscal year; and (3) the election of Stewart Bates, Deputy Minister of Fisheries of Canada, as chairman, and Commander Tavares de Almeida, of the Portuguese Fishery Department, as vice chairman of the Commission for the next 2 years. Mr. Bates succeeds Dr. Kask of the United States; Commander de Almeida succeeds A. T. A. Dobson of the United Kingdom.

The U.S. Commissioners are of the opinion that the Commission's accomplishments during its first 2 years are significant. With ratification of the convention during the past year by France, Italy, Portugal, and Spain, the Commission has reached full membership and has perfected its organization. The adoption of a comprehensive research program has made it possible for the first time in the history of the Northwest Atlantic fisheries to coordinate the efforts of more than 100 scientists, a dozen vessels, and some 15 research laboratories from 10 nations. The Commission has become an effective working organization, and promises to become a model of international cooperation in the investigation and conservation of international fishery resources.

• *Mr. Terry, author of the above article, is a foreign affairs specialist in the Office of Foreign Activities, Fish and Wildlife Service, U.S. Department of the Interior.*

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<sup>1</sup> Printed materials may be secured in the United States from the International Documents Service, Columbia University Press, 2960 Broadway, New York 27, N. Y. Other materials (mimeographed or processed documents) may be consulted at certain designated libraries in the United States.

The United Nations Secretariat has established an Official Records series for the General Assembly, the Security Council, the Economic and Social Council, the Trusteeship Council, and the Atomic Energy Commission which includes summaries of proceedings, resolutions, and reports of the various commissions and committees. Information on securing subscriptions to the series may be obtained from the International Documents Service.

## Problems in The Administration of The Pacific Trust Territory

*Statement by Frank E. Midkiff*

*Special U.S. Representative to the U.N. Trusteeship Council*<sup>1</sup>

I am happy to appear here before you as special representative of the United States to assist in your review of the report on the administration of the Trust Territory of the Pacific Islands for the year July 1951 to June 1952.

Almost a full year has elapsed since the period of the report. Although I, myself, have been in office only a little over 3 months I shall endeavor—using in part the experience of a recent 5-week tour of the trust territory—to bring you up to date on developments regarding some of the major problems in which I am sure the Council is interested.

I should like to say that we derived much benefit from the presence of the Council's Visiting Mission with us at Honolulu and throughout the territory. Their understanding of our problems and their thorough and patient examination of every phase of our administration has been most encouraging.

In the opening paragraph of chapter 1 of its report, the mission has stated the three factors that make our problem of administration of the Trust Territory of the Pacific Islands particularly difficult and challenging. These factors are, first, the vast oceanic zone over which the very small land areas are scattered; second, the negligible resources; and third, the diversity of the population. The mission's report gives a concise description of each of these factors. I would emphasize that the problems arising from the geography, the meager resources, and the diverse population are numerous. I feel, however, that continual progress is being made by the administration in meeting these problems.

The Council in its examination last year of the previous report on the administration of the Trust

Territory of the Pacific Islands made a number of suggestions and recommendations in the political, economic, social, and educational fields. The Visiting Mission has also commented on problems in these fields. I should like to review certain of these items.

The Council last year expressed the hope that the administration would foster local initiative for purposes of creating additional regional organizations. The Government of the trust territory in its program of developing regional political organs is attempting to enlist the widest possible support for these bodies throughout the areas they serve. In this process, and in the operation of the regional bodies themselves, guidance by the administrative staff is, of course, very necessary. This leadership, however, must be neither so persuasive nor so obvious that the members of the bodies themselves feel powerless and without independent voice. This danger has been recognized in the case of the Ponape Congress, which has been organized in the past year. Every effort is being made, therefore, to provide judicious administrative assistance in the form of advice to members, and explanation of procedures for conducting meetings and of committee organization, in preference to direct leadership by the administration on the floor at congressional sessions. Though the new organizations introduce methods new to the Micronesians, they can be expected to learn quickly by practice and experience.

The Palau Congress presents a somewhat different case. There the emphasis must now be placed upon gradually reducing the reliance of the Congress upon leadership by the administration. This problem was noted by the Visiting Mission and is recognized by the Government of the trust territory.

The Truk District is planning to conduct annual conferences of chiefs from all islands of the district as a step toward regional integration and eventual formation of a regional congress.

<sup>1</sup> Made in the Trusteeship Council on June 23 and released to the press on the same date by the U.S. Mission to the U.N. Mr. Midkiff was appointed by the President on Mar. 13 as High Commissioner of the Trust Territory of the Pacific Islands, succeeding the late Elbert Thomas.

It is of significance to note that to date regional bodies have developed around existing groups having distinct cultural identities. Future bridging of traditional gaps to provide wide representation in the form of territorial legislature will depend for success upon gradual and concurrent development of closer economic and social ties between the diverse population groups. The development of these ties and the breakdown of present localized loyalties and interests will take place only over a period of some time and, as the Visiting Mission observed, cannot be forced without a resultant disintegration of the age-old and normally evolved social structure that would have unforeseeable repercussions throughout the indigenous societies.

### **Fostering Political Development**

Conscious of the need for caution in this respect, the administration is continuing its fostering of political development and, as a part of this activity, has planned a conference on self-government to be held this summer at Truk from July 3-10. The conference will be attended by Micronesian and administration representatives from each district to discuss problems confronting the local communities.

In the local communities, the trend of development is, I believe, in accord with the expressed recommendations of the Council last year. The electoral system of selecting magistrates and other local officials is now utilized by 97 out of the 117 municipalities. This is encouraging, although I think note should be taken of the statement of the Visiting Mission that these figures do not necessarily indicate a drastic casting off of the traditional authority of the chiefs. The acceptance of electoral machinery reflects a willingness to try out democratic processes of government and recognition of the need, as the mission stated, for local officials who because of their education or acculturation are more able to serve in a liaison capacity with the administration.

I would like to suggest, however, that this is a desirable form of development. Until the Micronesians have made a fuller adaptation to the beneficial aspects of the new cultures they are meeting, they must rely in large part upon the old ways and the cultures they themselves evolved over a period of centuries in order to live in the unique situation of these small islands on a great ocean. Basically, theirs is a family organization with adaptation to an economy of scarcity, wherein strict observance of rules and of resource distribution must be observed. These rules were learned in infancy and childhood and were taken for granted as normal. Without such control enforced by responsible family leaders, the Micronesians even today would be faced with desperate economic and social maladjustments. The democratic changes that are being brought about must

therefore be watched carefully and timed properly to avoid a serious dislocation which none would desire or advocate.

The Council in its review last year expressed the view that the administering authority should study means of giving more effective participation to indigenous judges in the district courts and the Court of Appeals of the High Court. The report that is before you describes what has been done in this respect. As stated there, Micronesians have been appointed to all judicial positions in the district courts and 21 special Micronesian judges have been appointed to assist in the trial division of the High Court. As the Council is aware, all judges in the municipal courts are Micronesians.

I turn next to the administrative machinery of the trust territory. One of our big problems, of course, is transportation, to which the Council and the Visiting Mission have called attention. The recent acquisition of a second vessel of 4,800-ton capacity will improve markedly the interdistrict supply situation and the movement of copra to markets. Its presence also should reduce materially further disruption in the scheduling of district field trips. It is hoped that one auxiliary schooner will be in the service next month in the Yap District, as a replacement for one district motor vessel (AKL) of 200-ton capacity now in use. Acquisition of additional schooners is planned as rapidly as possible. These sailing vessels are more economical and more in line with the experience of the Micronesians than the present motor vessels.

The Visiting Mission has commented upon the problem of obtaining well-qualified personnel to staff positions in the trust territory. I fully concur in the existence of this problem. We are aware of it and are giving it attention. Our people must meet standards as to education, training, and demonstrated performance. On the whole I think they do, and the few who do not are being replaced by appointees of higher qualifications. I am pleased to say that there has been a steady rise in the quality and ability of our staff over the past 2 years. This trend will be continued.

### **Training of Administrative Personnel**

The desirabilities of pre-service and in-service training for employees is appreciated by the administration. Our staff members are now given an orientation in Honolulu prior to assignment in the Islands, and attention is being given to an extension of this training to provide additional study in the fields of ethnology and anthropology of the Pacific Islands.

On the subject of in-service training, I believe the Council would be interested in our training program for Micronesian employees. We have had a training specialist in Truk for some months



with the purpose of establishing as a pilot project in the Truk District, an in-service training program of wide scope for Micronesian employees. The purpose of this program is to accelerate the training of Micronesians to replace American personnel wherever practical. I hope next year to be able to give you further details on the program that will be established as a result of this undertaking.

The Council has on several occasions urged the passage of organic legislation for the territory. I can say at this time that hearings are planned on this legislation early next month by the appropriate committee of the House of Representatives in the Congress.

The Council and the Visiting Mission have both commented upon the location of the headquarters of the trust territory. As the mission noted, Presidential authorization has been given to locate the headquarters on Dulbon Island in the Truk Atoll. I would like to say frankly to the Council that no money is being requested at this time for the construction of the facilities that would be needed to make such a move of the headquarters possible. The location of the trust territory headquarters is one on which there is considerable difference of opinion. Some of the disadvantages of a move at this time to Truk were noted by the Visiting Mission. The factors must be carefully weighed and considered before a final move is made. Recently we have moved a large part of our staff forward to Guam and Truk. Our central staff, whether stationed in Honolulu or in the field, must be on the move from district to district, like circuit riders. There is no one place, even a central spot in the Truk Atoll, that is near the other districts or convenient as a center of transportation and communications. It would be over 400 miles to the nearest other district center and over 1,100 miles to the next nearest district center.

#### **The Agricultural Program**

In the economic field, as the mission has observed, agriculture is the principal economic activity of the territory. In our agricultural program we are encouraging and assisting the islanders in the improvement of their subsistence and cash crops and are conducting experimental work with new crops in an effort to diversify these crops. The introduction of cacao is progressing satisfactorily in Palau where several thousand seedlings have been set out on the plantation on Babeldaup and further clearing of trees is under way. Similar experimenting with cacao is in progress at Netalanim plantation on Ponape.

I wish to comment on the suggestion of the Visiting Mission that there should be a separate department of agriculture in the trust territory organization. I would like to point out that the chief agriculturist of the territory is stationed in the field and has broad program responsibilities

in respect to agricultural development. Organization changes which were effected June 30 will create a field agricultural division within the economic program of the territory, and it is believed probable that this organization will meet present needs.

Currently, the Government of the trust territory employs seven district agriculturists and five inter-district agriculturists. The district agriculturists spend the greater part of their time administering the agricultural program of their districts and part of their time teaching and supervising indigenous teachers of agriculture. In addition to these activities, there are special agricultural projects under the interdistrict personnel. These projects include cacao development, the Matalanim plantation, the agricultural experimental station at Ponape, and the cattle introduction program. Moreover the work of the entomological specialists are primarily concerned with agriculture. The combined expense of these agricultural activities totals 90 percent of all expenditures in the past year on economic development. This, I believe, illustrates the emphasis which agriculture is, and should be, receiving.

The Visiting Mission drew attention in its report to methods of land utilization and land conservation. The indigenous methods of shifting cultivation are being changed through education to the rotation concept, and through regulations, which are admittedly difficult to enforce, governing the burning off of land. Projects have been approved for the reclaiming of swampland for giant taro, and also for the reclaiming of tracts of land by re-establishing coconut culture where intensive cultivation has robbed the land of its fertility. Commercial fertilizers will be used to establish leguminous plants which will be used as green manure for the coconut culture.

Insofar as agricultural research to serve low islands is concerned, experiments are being conducted at Ngatik in Ponape, and an allotment of funds has been made for the conduct of low-island agricultural experiments in the Jalint Atoll.

The in-service training program which I previously mentioned will include the training of indigenous agricultural personnel. This program is to be given emphasis in our future operations.

A long-term agricultural program which is being formulated includes an agricultural survey, the rehabilitation of indigenous agriculture, plant and animal introduction, conservation and reforestation, agricultural extension education, and increased effectiveness in the enforcement of quar-

#### **Calendar of Meetings**

The "Calendar of Meetings," regularly featured in the BULLETIN's first issue of the month, will appear in the July 13 issue.

antine regulations. This program should help in placing agricultural development in the territory on a sound footing.

The Island Trading Company and its projected termination have been of concern to the Visiting Mission. I might say that the Government of the trust territory recognizes and values the help that the company has been to the people of the trust territory. Its services filled the tremendous vacuum caused by the war and have made an invaluable contribution to maintaining the flow of trade and developing local private enterprises in the area. Since the determination by the Congress last year that this company should be liquidated as of December 31, 1953, considerable thought has been given to how the services of the company could be replaced and, I might add, we would like to see it replaced, if possible, by the activities of the Micronesians themselves rather than by outside companies in order that the greatest possible monetary return might accrue to the people of the territory. This replacement, I venture to hope, will be possible, but it may be more surely and more satisfactorily accomplished if the Island Trading Company's activities were temporarily extended. The question of extending the life of the corporation is now under consideration. Every effort will be made to protect the economy of the area whenever the company is finally liquidated.

#### Land Claims Problems

I found on my trip through the trust territory, as did the Visiting Mission, that land problems exist in all districts and that the people are anxious for their settlement. These land problems center around three principal issues: first, the public domain with respect to which there are claims for land alienated by the Japanese; second, claims arising out of the use or deterioration of lands as a result of war activities; and third, use of some lands for current trust territory administrative installations.

The first of these, claims with respect to the public domain, is being tackled promptly by the land claims personnel, which is now being reconstituted as the Division of Land Titles and Claims. Considerable work, as revealed in the report of the Visiting Mission, has been done in Saipan. That work is now being extended to the other districts. Difficulties lie in the fact that many land records and survey markers were destroyed during the war years. There is the further necessity of translating such land records as exist from Japanese. I assure the Council that this work of settling land problems is being given a high priority. I should also like to add that it is anticipated that islanders now holding revocable permits to public domain lands, if they are not otherwise claiming title to particular lands, will be afforded the opportunity to homestead permanently the public domain presently under their cultivation.

The second category of land claims, which arose largely out of the war, and which relate to the use of private or public lands by the Armed Forces of the United States, are currently under consideration by the administering authority.

The third category of land claims, those resulting from use of public land by the trust territory administration, is also one that the Division of Land Titles and Claims will look into. On Uliga Island in Majuro discussions have been in progress with the owners of land occupied by the District Headquarters for some months. The land claims here were established in 1952, and in April 1953 a committee of the Marshallese claimants undertook to propose a fair rental value for use of the occupied land. As yet there has not been agreement between the administration and the claimants on the amount of compensation. This agreement, however, will be the last step to settlement of this problem at Majuro.

Another type of claims problem which is currently under consideration by the Administering Authority is that involving claims against Japan and Japanese nationals. Members of the Council are no doubt aware that article 4 (a) of the Treaty of Peace with Japan provides, in part, that claims of the residents and administering authorities of certain areas, including the Trust Territory of the Pacific Islands, against Japan and its nationals shall be the subject of special arrangements between Japan and such authorities. The United States is currently giving consideration to the type of claims which may be appropriately included in any special arrangements to be negotiated with Japan on behalf of the residents of the trust territory pursuant to the provisions of article 4 (a) of the treaty. The Council will appreciate that the problems raised by these claims are numerous and complex. The Administering Authority however, is acutely conscious of the importance of this problem to the people of the trust territory, and plans are under study looking toward the disposition of these claims.

The Administering Authority is also aware of the difficult situation resulting from the partial redemption of yen currency by military authorities immediately after the war. This matter is also being given attention by the Administering Authority, and it is hoped that a satisfactory solution will be found for this problem which, understandably, is of concern to the people of the trust territory.

The United States will, of course, keep the Council informed of the progress made in dealing with the various types of claims of the people of the trust territory.

The Council asked last year for additional information regarding those repatriated Japanese who have Micronesian wives or families in the territory. This question has been carefully considered. The Administering Authority considers, as previously stated to the Trusteeship Council, that the return

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*en bloc* of former Japanese or other foreign residents is undesirable for social and economic reasons. Nevertheless, subject to appropriate security clearance, the Government of the trust territory would be willing to permit the return of Japanese spouses and children of mixed unions where the members of the family concerned are agreeable and when prior investigation reveals in each case that the returnees would be acceptable to the particular Micronesian community and their return would not create serious social and economic situations.

The Council asked last year that we continue to accelerate the training of Micronesian medical personnel. That has been done. As the Visiting Mission noted, 38 are attending the Central Medical School at Suva, Fiji, and 3 are being given advanced hospital training at hospitals in Hawaii.

#### Teacher-Education Program

The training of teachers is always a key factor in any educational system. Accordingly, we are strengthening our teacher-education program in the direction of training teachers to meet the needs of their own community and are concentrating effort on teacher education. An 8-week summer-school program is held each summer in each of the districts and attended by all indigenous teachers in the district. In most districts demonstration schools, where teachers attend and practice teaching under competent supervision, are part of the summer teacher-education program.

Throughout the rest of the year, the supervisor of teacher education in each district visits elementary schoolteachers in their island schools, and works with them on the job for extended periods of time ironing out difficulties which the teacher may be having and helping the teacher prepare materials locally to enrich the teaching program. In Palau District this year several teachers were called in for a 6-week teacher-training period in the fall while in the spring others were called in for a 12-week program. Through such training we are continually improving the quality of our teaching staff.

The Visiting Mission points up a real problem in the difficulty which graduates of Prcs (Pacific Islands Central School) face in obtaining scholarships for advanced training overseas due to the fact that the level of education provided by Prcs is not quite sufficient for scholarship requirements. Experience has shown that carefully selected students from Prcs have been able to enter the senior year at the Honolulu University High School and then to go on to the university during the second year of residence in Honolulu.

This attendance at an accredited high school in Hawaii or elsewhere for a year may well be the

most practical solution to the problem. Often very intensive preparatory coaching in fundamentals of learning and in background material is required.

Continued attention has been given to scholarship possibilities for Micronesian students to study abroad. As stated in the annual report a Micronesian scholarship committee administers a scholarship fund. This committee just recently met and acted upon seven scholarship appointments for study in Hawaii.

A teaching function is central in all our efforts. We are trying to train and develop the Micronesians and to help them become as effectively self-governing in meeting the challenges of the modern world as their traditional social organization proved to be long ago. We are working to develop democratic institutions in such a way that they may rest upon and be sustained by a sound economy that will support standards of living such as they desire and can become able to pay for.

Nearly all new ideas in these fields should be subjected to patient testing to see whether or not they are really beneficial, and by such testing and possible subsequent adjustments to avoid serious disappointments and discouragements that result when visions turn into mirages.

By wise guidance and cautious approach the Administering Authority is certain that sound and enduring progress can be attained.

#### Current Legislation on Foreign Policy

Departments of State, Justice, and Commerce Appropriation Bill, 1954. Report (To accompany H. R. 4974). S. Rept. 309, 83d Cong., 1st Sess. 30 pp.

Reorganization Plan No. 9 of 1953. Message From the President of the United States Transmitting Reorganization Plan No. 9 of 1953. H. Doc. 159, 83d Cong., 1st Sess. 4 pp.

State Department Information Program—Voice of America. Hearings Before the Permanent Subcommittee on Investigations of the Committee on Government Operations, United States Senate, Eighty-third Congress, First Session Pursuant to S. Res. 40. A Resolution Authorizing the Committee on Government Operations To Employ Temporary Additional Personnel and Increasing the Limit of Expenditures. Part 6, March 4, 1953. 79 pp.; Part 7, March 5 and 6, 1953. 120 pp.; Part 8, March 12, 1953. 79 pp.; Part 9, March 13, 16, and 19, 1953. 100 pp.

Ninth Semiannual Report on Educational Exchange Activities. Letter From Chairman United States Advisory Commission on Educational Exchange Transmitting the Semiannual Report of All Programs and Activities Carried on Under Authority of Section 603 of Public Law 402, Eightieth Congress. H. Doc. 154, 83d Cong., 1st Sess. 29 pp.

The Agreement Revising and Renewing the International Wheat Agreement. Message From the President of the United States Transmitting A Certified Copy of the Agreement Revising and Renewing the International Wheat Agreement, Which Was Open for Signature in Washington April 13 to 27, Inclusive, 1953, and Was Signed During That Period on Behalf of the Government of the United States of America and the Governments of 44 Other Countries. S. Exec. H, 83d Cong., 1st Sess. 38 pp.

## **Effects of the President's Reorganization Plans on the Department of State**

*Statement by Donald B. Lourie  
Under Secretary for Administration<sup>1</sup>*

This is the first time I have been called before your Committee, and I am pleased to have the opportunity to explain as best I can what effects the President's Reorganization Plans 7 and 8 will have on the State Department.<sup>2</sup>

Mr. Dodge and General Smith<sup>3</sup> have given you a comprehensive picture of the proposals outlined in Reorganization Plans 7 and 8 and I would like to give you a more detailed discussion of those proposals. The President has pointed out in his message on the reorganization that there are two major deficiencies in the organization of the executive branch for conducting foreign affairs:

(1) There has been no clear assignment of central responsibility for foreign policy below the President;

(2) A number of programs which implement our foreign policy have been scattered within the executive branch rather than appropriately grouped together for the most efficient and economical administration.

The President made it clear in his message transmitting the reorganization plans to the Congress that our organization for the conduct of foreign affairs has been built upon a patchwork of statutes. This must be studied carefully as a basis for new legislation, but this will take time. The President added that by early next year we should be prepared, with appropriate consultation with the Congress, to recommend such legislation, but in the meantime we should go ahead to improve the present arrangements within the framework of existing legislation. That is what these measures are designed to do. This is a move in the direction of

making it possible for the Secretary of State to spend more of his time and that of his principal assistants on the development and control of foreign policy and our relations with foreign governments.

I believe that these proposals offer the opportunity for the Secretary of State and the State Department to concentrate attention on the advice and assistance which the President desires in the formulation and control of foreign policy and, in addition, provide a focal point for coordination of foreign-affairs activities throughout the Government.

May I add that I came to the Department of State without preconceived ideas on how the Department of State could best be organized. One of the things that impressed me was the fact that I, like most people in this country, never realized the extent of the administrative burdens that fall on the Secretary of State under the present arrangement where he is ultimately held responsible for personnel, for budget, for regulations, and other administrative aspects of operating programs, such as the information program. At the present time these operating responsibilities tend to keep him and his principal assistants from concentrating on the primary role of the State Department in the formulation and control of foreign policy itself. Under the proposals before the committee, there are more than a dozen operating programs for which the Secretary now has this kind of responsibility, which would be placed in other agencies where they can be effectively consolidated into truly hard-hitting instruments to support our national objectives.

Under these proposals, the Secretary of State would be relieved of operating responsibility for the following programs:

(1) The program authorized by the Kersten amendment of the Mutual Security Act of 1951 for

<sup>1</sup> Made before the Committee on Government Operations of the House of Representatives on June 22 (press release 331).

<sup>2</sup> For texts of these plans and the President's Message transmitting them to the Congress, see BULLETIN of June 15, 1953, p. 849.

<sup>3</sup> Joseph M. Dodge, Director, Bureau of the Budget, and Under Secretary Walter Bedell Smith.

aiding persons who have escaped from Communist areas;

(2) the foreign-information programs of the International Information Administration including those large-scale and important programs in Germany and Austria;

(3) the special U.S. program for the relief and resettlement of refugees coming into Israel;

(4) the technical-cooperation program carried out by the Technical Cooperation Administration;

(5) the Institute of Inter-American Affairs;

(6) administration of the local currency fund generated by the food-relief assistance program for the Yugoslav people, authorized by the Yugoslav Emergency Relief Assistance Act of 1950;

(7) the payment of ocean freight for private relief shipments under the terms of the Mutual Security Act;

(8) the program for guaranteeing convertibility of currency acquired by U.S. exporters of information media materials under the terms of the Mutual Security Act;

(9) operating phases of U.S. participation in five special multilateral programs in the general mutual-security field,

(a) United Nations Technical Assistance (UNTA)—the multilateral technical-assistance program carried out by the United Nations and its specialized agencies to enlist technical skills from many nations to help the governments and peoples of underdeveloped areas to develop their economic resources;

(b) the program of the United Nations International Children's Emergency Fund (UNICEF), which assists underdeveloped countries in Asia, Africa, and Latin America in the development of long-range maternity and child welfare activities;

(c) relief and rehabilitation for the Korean people, provided through the United Nations Korean Reconstruction Agency (UNKRA);

(d) aid to Arab refugees from Palestine provided through the United Nations Relief and Works Agency for Palestine Refugees (UNRWA);

(e) the program carried out by the Intergovernmental Committee for European Migration (ICEM) to assist in the movement of migrants from Europe to overseas areas desiring to receive immigration.

#### **Secretary's Role Clarified**

In the past it has not always been clear that the President looked to the Secretary of State as the Cabinet officer primarily responsible for foreign affairs in the executive department. During the war and at other times in the past, agencies were created which dealt primarily in foreign affairs but which were not responsible to the Secretary of State in any way, not even policy coordination. As a result, we often found various agencies of the Government operating overseas expressing

different views and different policies and working at cross-purposes. These two reorganization plans make it crystal-clear that the Secretary of State is the Cabinet officer within the executive branch who is primarily responsible for foreign relations, subject to the guidance and direction only of the President himself.

I believe that the reorganization proposals which you are considering will result in a single and straightforward organization of agencies and functions relating to foreign affairs, and I am satisfied that these proposals clarify the role of the Secretary of State and will make it possible for him to function with much greater effectiveness in Washington and abroad.

One of the chief problems faced by those responsible for drafting Reorganization Plans 7 and 8 was separating foreign economic aid and foreign-information programs from the Department of State and yet retaining overall control of foreign policy for the Secretary of State. This difficulty has, I believe, been resolved in these proposals. Ultimately, the only way that the primary responsibility of the Secretary for foreign policy within the executive branch can be assured is by the reliance of the President himself on the Secretary of State and by the President's use of the Secretary of State as his principal channel of authority on foreign policy. The President has clearly stated his intention of doing exactly this in his message to the Congress and in his letter to the heads of the executive departments and to the Director for Mutual Security.<sup>4</sup>

There are also some other very important safeguards in these proposals. For example, the President has given the Secretary clear authority to provide guidance on our foreign policies to all other agencies of the Federal Government. The President has directed that other officials of the executive branch will work with and through the Secretary of State on matters of foreign policy. The plans also specifically provide Presidential assurance that the Foreign Operations Administration and the U.S. Information Agency will be headed by men who support and enjoy the full confidence of the Secretary of State. This is essentially a plan for teamwork. It will avoid many of the frictions and frustrations which so often jeopardize the harmonious collaboration of agencies working in closely related fields.

The Secretary's leadership will also be made effective by the authority given him to review the plans and policies relative to the programs and legislative proposals of the two principal operating agencies in the foreign-affairs field. To assure his ability to carry out this responsibility, the requirement is laid down by the President that the heads of the Foreign Operations Administration and the U.S. Information Agency shall at all times keep the Secretary informed in such a way that he

<sup>4</sup> BULLETIN of June 15, 1953, p. 855.



can be certain that the programs of the agencies and the implementation of their programs further the attainment of our foreign-policy objectives.

The President, in his message to the Congress, made it clear that only part of the job can be done by giving the Department of State the clear authority to provide guidance on our foreign policies to all agencies of the Federal Government. He went on to say: "... it is equally important that each chief of diplomatic mission in each foreign country provide effective coordination of, and foreign policy direction with respect to, all United States Government activities in the country."

The chief of a diplomatic mission plays a vital role in applying this clear-cut assignment of responsibility for foreign policy to the conduct of our foreign relations overseas. A chief of mission receives all of his instructions from the President and the Secretary of State and is responsible for exercising general direction and leadership of the entire U.S. effort in the country to which he is accredited. He assures unified development and execution of U.S. programs. In addition to coordinating activities of U.S. representatives carrying out programs in his country, he sees that the interpretation and application of instructions received by U.S. representatives are in accord with established U.S. policy. The chief of mission is actively concerned with the programs developed by the Foreign Operations Administration for his country and with the programs developed by the U.S. Information Agency for that country. It is his responsibility to see that representatives of these and other U.S. agencies in his country are adequately informed as to current and prospective U.S. policies. Where the chief of mission considers it necessary in the interests of the United States, he may recommend the withdrawal of any U.S. personnel assigned to his country.

#### **Reduction in Size of Department**

When these proposals become effective, the State Department will have only about one-half the number of positions that exist today.

I have tried to study the evolution of the Department of State in the postwar years to see what the causes were of the rapid increase in the size of the Department. Just before and immediately after the end of the war, for example, there were only 12,910 positions in the State Department, both at home and abroad, including U.S. nationals and local employees in this total. Now this was the time when the Department was in the process of reestablishing normal diplomatic and consular activities in almost one-half the countries of the world, when the United Nations had just been born, and when such activities as issuing passports and visas, or the demands made upon the Department for maintaining the security of its establishments overseas, were all at abnormally low levels.

It was at this time, in the early part of the fiscal year 1946, that nearly 13,000 more positions were added to the Department—in effect, doubling the size of the Department in the period of just a few short weeks. How was this done? It was done by transfers to the Department in the period immediately after V-J Day of responsibility for programs which had been carried on during the War by independent agencies—the Office of War Information, the Coordinator of Inter-American Affairs, the Office of Strategic Services, the Foreign Economic Administration, and the Office of the Foreign Liquidation Commissioner.

These swollen wartime functions were drastically and rapidly reduced in size. The fact remains that 2 years later, by fiscal 1948, the consolidation of some of the wartime functions that had to be carried on in peacetime as continuing functions of the Department of State (such as intelligence), together with the continued rise in the volume of normal peacetime activities, resulted in a 50 percent increase in the number of employees working on regular State Department functions. From 1948 to 1953, however, the staff on regular diplomatic and consular activities had been reduced from 17,989 positions to 12,851—a reduction of over 20 percent.

In the fiscal year 1950 there came another enormous addition to the size of the Department, resulting from the transfer of responsibility from the military services to the State Department for programs in Germany and Austria. This resulted in the addition of nearly 19,000 positions. In effect we had once again doubled the size of the Department.

By the current fiscal year, the total number of employees of the Department at home and abroad—still including not only U.S. nationals but local employees as well—had reached 42,000. Of these, approximately 13,000 were engaged on the regular functions of the Department, 9,500 on German and Austrian Affairs, 3,500 on the Technical Cooperation Administration programs, 12,000 on foreign information and exchange programs, and another 4,000 who were rendering administrative services to programs carried on by other agencies, such as the Department of Defense and the Mutual Security Agency.

As I said in my opening remarks about the size of the Department, the immediate result of the reorganization proposals is to cut the size of the Department approximately in half. However if we look ahead and take into account the anticipated reduction in appropriations for the Department in fiscal year 1954 we find that the number of positions allocated to the normal State Department functions will in fact be smaller than the number in the fiscal year 1946, before the addition to the State Department of any of the continuing peacetime functions arising from the war. We estimate that there will be approximately 11,700 positions for the regular State Department func-

tions in the coming fiscal year as compared with 12,910 in the fiscal year 1946. In fact, my study of the history of the postwar evolution of the Department of State shows clearly that the Department resources devoted to the traditional responsibilities and basic policy functions have actually declined during this period.

I find that very few people understand the fact that out of the present 42,000 employees of the Department of State, 32,000 are overseas. Under these reorganization proposals, the Department of State expects to have approximately 16,000 people overseas—including U.S. nationals and all local employees.

#### **Educational Exchange Retained**

I should point out that the Department of State retains, under these reorganization proposals, the educational-exchange programs now administered by the International Information Administration. These programs differ from those of the mass media like radio broadcasting or motion pictures of the present International Information Administration. They involve direct face-to-face communication and contact between the people and institutions of the United States and those of other countries.

In fact official educational-exchange programs began before the present combined information and educational-exchange program was started. They originated before the Second World War and have been administered continuously by the Department of State. I should also say that they have not created the same kind of complex operating and policy problems as those faced by other media. Perhaps in part for this reason, their administration within the framework of the Department has been effective.

The responsibilities of the Department of State for the exchange program are to a great extent supervisory, rather than operational, in nature. Certain administrative functions with regard to about three-quarters of the program are delegated to private organizations and other Federal agencies in this country and to binational commissions and committees abroad.

I should also point out that the Department of State is instructed by the President to control the content of a program designed to assure accurate statements of official U.S. positions on important issues and current developments. Such official statements, specifically identified by an exclusive descriptive label, will normally be disseminated on a worldwide basis by the new U.S. Information Agency. This is a new concept. Its objective is clear. It is to present accurately, without exaggeration and without the slightest tinge of "propaganda" the official position of the United States on major current problems and issues. It is the President's desire that such an official program

come to be known by the leaders and governments of other nations as a completely dependable statement of the official position of the United States on important problems and issues. The President hopes that by use of the official program technique, such leaders of other countries will in fact come to rely on what is stated in such a program as a correct statement and an official statement of the U.S. position.

I do believe that these first steps outlined in the reorganization proposals which are before you will result in much clearer assignments of responsibility and far more effective teamwork on the part of the President's executive departments and principal advisers and assistants. From the point of view of the Secretary of State, these proposals move in the right direction. They constitute a blueprint of the first essential steps toward meeting the needs of our Government in the conduct of foreign affairs. If adopted, they will have these main results: (1) provide for the assignment of primary responsibility for all foreign-policy matters to the Secretary of State; (2) group together a number of homogeneous programs which help to implement our foreign policy; (3) make possible more efficient administration of the respective programs; and (4) permit the Secretary of State and his principal assistants to devote a major proportion of their time and resources to concentration on basic foreign-policy functions.

For these reasons I respectfully urge that this committee approve Reorganization Plans 7 and 8 as submitted by the President.

### **THE FOREIGN SERVICE**

#### **Confirmations**

The Senate on June 24 confirmed the following: James S. Kemper as Ambassador to Brazil; L. Corrin Strong as Ambassador to Norway; M. Robert Guggenheim as Ambassador to Portugal.

#### **Consular Offices**

The consulate at Vitoria, Brazil, will be closed to the public as of June 19, and will be officially closed on June 30, 1953. The Vitoria consular district will be transferred to the jurisdiction of the consular section of the Embassy at Rio de Janeiro.

The consulate at Fortaleza, Brazil, will be closed to the public as of June 30, and will be officially closed on August 15, 1953. The Fortaleza consular district will be divided between the consulate at Recife and the consulate at Belem. The State of Ceara will be transferred to the Recife consular district and the State of Piauì will be transferred to the Belem consular district.

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\*Not printed.  
†Held for a later issue of the BULLETIN.

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